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FINANCIAL TIMES

No. 27,455 Tuesday January 10 1978 ** 15p

CONTINENTAL SELLING PRICES: AUSTRIA Sch.16; BELGIUM Fr.25; DENMARK Kr.3.5; FRANCE Fr.3.0; GERMANY DM2.0; ITALY L.500; NETHERLANDS Fl.2.0; NORWAY Kr.3.5; PORTUGAL Esc.20; SPAIN Ptas.40; SWEDEN Kr.3.25; SWITZERLAND Fr.2.0; EIRE 15p

NEWS SUMMARY

GENERAL

Storm grows over judge

Lord Elwyn-Jones, the Lord Chancellor, may decide to reprimand Judge Neil McKinnon after studying the transcript of his summing-up in the "niggers, wogs and coons" case which saw the acquittal of Mr. John Kingsley Read, the former National Front chairman.

A group of Labour MPs is to meet Lord Elwyn-Jones to-night to press for the dismissal of the 68-year-old Australian-born judge.

Labour's Home Policy Committee, chaired by Mr. Wedgwood Benn, the Energy Secretary, described the judge's summing-up as "an affront to human rights . . . which renders him unfit to hold office as one of Her Majesty's judges." A Commons motion calling for his dismissal attracted more than 60 signatures.

Outburst

Mr. Paul Holborow, full-time secretary of the Anti-Nazi League, was ejected from Judge McKinnon's court at the Old Bailey after shouting from the public gallery about an "outrageous and disgraceful" verdict. The judge, who was trying another case, told the court: "I do not have a single hostile thought for any member of the black community." Page 6; Society To-day, Page 17

Mr. Kingsley Read was to have appeared last night on the BBC TV programme Nationwide, which was blacked out because of a technicians' dispute.

Concorde may fly over India

The Desai Government is to consider allowing Concorde flying flights over India en route for Singapore after a request from Mr. James Callaghan, the Prime Minister. India has indicated that it may allow full international inspection of its nuclear installations despite its refusal to sign a non-proliferation treaty. Page 6; Indian shopping list, Page 4

Ulster political moves hit

Talks on a Northern Ireland political settlement are likely to prove fruitless because of the week-end speech by Mr. Jack Lynch, the Irish Premier, which has aroused furious reactions from Ulster Unionists, as well as criticism from the Irish opposition parties. Back Page; Editorial comment, Page 16

Italian crisis

Italy's ruling Christian Democrats are resigned to the imminent fall of the 18-month-old minority Government, while a week-end of politically motivated violence has been followed by inevitable reprisals from neo-fascists and Left-wingers. Page 2

Brezhnev ill

Leonid Brezhnev, the 71-year-old Soviet leader, has suffered a relapse of the flu which forced him to drop public engagements four weeks. Page 2

Lift drop kills 4

Four building workers were killed and five seriously injured when a lift plunged 100 feet down a shaft at Littlebrook power station near Dartford, Kent. The men were descending to work on a tunnel under the Thames that will supply a water-cooling system for the £3m. plant.

Bank damaged

A Rhodesian student at the University of Kent, who admitted smashing up the campus branch of Barclay's Bank, causing £500-worth of damage, in a protest against apartheid, was made the subject of a hospital order under the Mental Health Act when he appeared at Canterbury Court.

Briefly . . .

Grunwick: Since June 13, 282 pickets have been convicted and acquitted of offences outside the North London factory.

BUSINESS

Equities 5.6 down: Gold up $1¼

● EQUITY leaders drifted lower and interest centred on second-line shares. The FT ordinary index fell 5.6 to 491.7.

● GILTS suffered a sharp turn down in late trading on announcement of a new tap issue after early rises of up to ¾. The Government Securities index fell 0.01 to 77.89.

● STERLING fell 1¼ cents to $1.9175 and its trade-weighted index was 65.8 (65.3). The dollar improved against many European currencies and its average depreciation narrowed to 4.43 per cent. (4.82).

● GOLD rose $1¼ to $171¼ in moderate trading.

● WALL STREET fell 8.93 points to 784.56 reflecting mounting concern by investors over rising interest rates.

● ACCOUNTING STANDARDS Committee new chairman will be Mr. Tom Watts, a senior partner of Price Waterhouse who replaces Sir William Slimmings. Back Page

● UNITED MEDICAL SERVICES, itself 70 per cent. owned by the National Enterprise Board, has made an £8.1m. agreed bid for Allied Investments, the nursing homes and medical supplies concern. Back Page

● GRAND METROPOLITAN group has increased its soft drinks interests with the takeover of Cantrell and Cochrane (GB), following the £4.25m. purchase of Cadbury Schweppes 38 per cent. stake in C and C. Page 6

● DIAMOND sales handled by the Central Selling Organisation on behalf of De Beers and other world producers reached a peak value of $2.07bn. in 1977 against $1.55bn. in 1976. Page 20

LABOUR

● YORKSHIRE MINERS will ballot this week on an area incentive scheme, but without any recommendation from the union left-wing. Voting may reverse the previous 77 per cent. rejection of the scheme. Page 9

Little hope of 10% pay target

● CBI PAY statistics show that while a large number of workers have settled pay deals within the Government guidelines, about 80,000 have won productivity deals pushing their rises to near 20 per cent., dashing the Government's hope of an overall increase of 10 per cent. Back Page.

● WHITE COLLAR union members at Leyland Cars plants are to set up joint action committees to oppose any reorganisation involving reduction of activities or loss of jobs. Page 6

COMPANIES

● BROWN AND TAWSE reports pre-tax profits for the six months to September 30 up from £1.53m. to £1.62m. on turnover up to £20.65m. (£17.8m.). Page 18

● HOGG ROBINSON Group pre-tax profit increased 25 per cent. to £3.2m. for the half year to September 30, on turnover of £12.65m. (£10.6m.). Page 18

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Village Shanks	75½	+ 3½
by (J.)	208	+ 8
Lon Sugar	485	+ 15
Brown & Tawse	88	+ 5
Ibco-Combex-Marx	144	+ 4
na	72	+ 5
Kalibur Jewellery	20	+ 2½
Nat. Fin. 9½pc '82	£26	+ 5
ness Walby	343	+ 9
d Field Prop.	90	+ 12
zon Midlands	92	+ 4
Shoes	60	+ 6
sure & General	68	+ 7
ell (G. F.)	25	+ 5
Kay Secs.	165	+ 20
S. Newsagents	117	+ 6
ships	90	+ 6
sh & Tompkins	115	+ 4
... Marketing	24	+ 4
Silentnight	84	+ 4
Sunlight Service	31½	+ 5
United Real Prop.	267	+ 7
United Scientific	293	+ 4
Vickers	194	+ 6
Wilson Walton	79	+ 8
Falcon Mines	185	+ 15

FALLS

Beecham	663	− 10
Coral Leisure	122	− 6
Hestair	110	− 4
ICI	347	− 7
Mothercare	196	− 4
Pontin's	42	− 4
Rank Org.	225	− 7
Robertson Foods	135	− 5
Rothschild Inv.	171	− 5
Thorn Elect.	386	− 6
BP	836	− 6
De Beers Defd.	292	− 11
Pancontinental	875	− 75
Peko-Wallsend	590	− 15

Boost for hopes of single-figure inflation rate

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

The Government's hopes of achieving a significant reduction in the rate of price inflation this year were reinforced yesterday. Official figures showed a fall in the cost of industry's raw materials in December for the eighth month running.

Indeed, the index of material and fuel costs was slightly lower last month than in December, 1976. There should be a further and quite sharp decline in January because of the recent rise in sterling.

This has been reflected in the slowdown in the underlying increase in factory-gate/output prices charged by manufacturing industry to the lowest rate since late spring 1973.

The latest figures provide further support for the official forecast that the 12-month rate of retail price inflation—13 per cent. in the year to November—will be down to single figures by the spring.

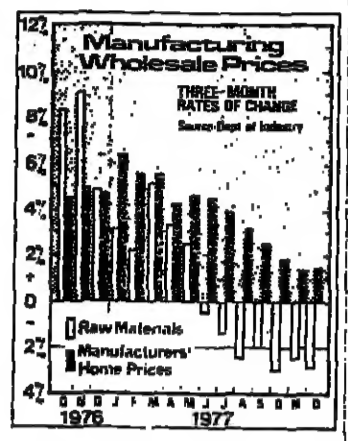
Moreover, the recent trend in raw material costs—down 5½ per cent. since May—and the latest rise in sterling suggests that the 12-month rate of retail price inflation could both fall to a lower level and remain in single figures for longer than previously expected.

This could occur even if the rise in earnings turns out to be nearer 15 per cent. than the official 10 per cent. limit. But, if this is the earnings outcome, the 12-month rate of price inflation is still likely to rise from the autumn onwards: labour costs are about twice as large a component of final prices as raw material costs.

WHOLESALE PRICES
(1970 = 100)

		Output (home sales)	Raw Materials
1976	1st	206.9	266.5
	2nd	214.4	292.6
	3rd	223.2	306.8
	4th	233.9	329.9
1977	1st	248.0	341.5
	2nd	259.2	347.7
	3rd	267.7	340.5
	4th	272.0*	331.0*
	May	259.8	348.3
	June	262.4	345.2
	July	265.8	344.5
	Aug.	268.1	338.8
	Sept.	269.2	338.1
	Oct.	271.0	333.8
	Nov.	271.8*	330.2*
	Dec.	273.3*	328.9*

* provisional
Source, Department of Industry



The current favourable trend is best illustrated by the factory gate/output price index for manufactured products. This increased by about ½ per cent. in December to 273.3 (1970=100). While the rise was slightly larger than in the previous month, the index has increased by only 1½ per cent. in the last three months, compared with 2½ per cent. in the previous quarter.

Moreover, the underlying trend—the six-monthly rate expressed on an annual basis—is now well into single figures, at 8½ per cent. The index has risen by 15½ per cent. in the last 12 months.

While the trends report last month from the Confederation of British Industry said fewer com-

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Metal Box pegs aerosol can prices after probe

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

METAL BOX has agreed not to raise the prices of its aerosol cans before September — if there is no sudden increase in costs. This is one of the few tangible results of the Price Commission's first three investigations published yesterday.

After examining price increases notified by Metal Box, Barclays Bank and the Electricity Council, the commission concluded that there was no justification for using its powers to recommend restrictions in prices.

Instead it sought—and got—a voluntary assurance on certain prices from Metal Box and made suggestions about how the other two might improve operations.

Under the discretionary powers introduced in the summer, the commission has the power only to make formal recommendations about proposed price increases. For this reason it was not able to recommend changes to the present system in the electricity industry where higher fuel costs are passed to customers automatically in the form of the fuel cost adjustment.

But the commission makes it clear that in its view the fuel cost adjustment clause should be scrapped or simplified. It is concerned that the clause allows the Central Electricity Generating Board to pass on increases in average fuel costs "automatically and at frequent intervals." The suggestion seems to be that the generating board sometimes is using the adjustment as a camouflage for raising prices for other reasons.

The absence of any formal recommendations about prices in these first three reports will be welcomed by industry, which has been concerned about the wide powers given to the commission. The three groups will be free to raise their prices by the full amount originally proposed.

Metal Box and the Electricity Council were allowed interim increases under the safeguard provisions of the new price controls, so additional increases will be relatively small. But Barclays Bank did not make use of the profit safeguard when its notification of a 135 per cent. increase in its charges for money transmissions for the nationalised industries was blocked three months ago by the commission.

In its report on Barclays the commission concluded that the nationalised industries should be left to conduct their negotiations with the banks as they thought fit. So Barclays—along with the other clearing banks which have been waiting for the commission's verdict—will be able to

Continued on Back Page
Details, Page 7

Sainsbury joins the price war

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

J. SAINSBURY is to fight Tesco with wide-ranging price cuts in the price war between supermarkets. It is launching a new discount programme which marks a radical departure for a company which, though always price competitive, has tended to be known more for the quality of its products than its prices.

It is cutting the prices of around 100 big selling lines, including bread, baked beans, margarine and detergents, by about 10 per cent. Some of the reductions will reach 15 per cent. The company said yesterday that the cuts should save between 3 and 3½ per cent. on an average shopping basket.

The company also claimed that the cuts would mean that its prices would be 1 to 1½ per cent. below those of Tesco, though most of the supermarket groups are likely to retaliate with new price cuts over the next few weeks.

The Sainsbury cuts, presented as "Discount 78," are intended to be long-term discounts and will replace Sainsbury's usual fortnightly price promotions, which generally feature about 20 lines.

It looks as if Sainsbury is cutting its overall gross margins by around 2 per cent. To pay for this the company, which has always traded on relatively low net margins, will need to increase its volume by around 10 per cent.

The programme, which comes into effect to-day, is to be promoted heavily with an aggressive advertising campaign. The company is expected to spend £500,000 in the media over the next three weeks alone.

Sainsbury has been testing this form of discounting in a few selected stores for some months and had apparently considered extending it to all its 200 stores in May — just before Tesco dropped trading stamps and cut its prices by about 5 per cent. across the board. But the company was hit by a strike in its warehouses and the plans were postponed.

In November Sainsbury reported a 24.5 per cent. increase in turnover to £406m. in the 28 weeks to September 17, and a one-sixth rise in pre-tax profits. The company, which had already cut its prices by around 1 per cent. since the summer, warned, however, that margins were under pressure.

The turnover figures implied that Sainsbury had managed to increase its share of the overall grocery market despite the Tesco initiative. But within this total increase was a reduction in the sales of the basic grocery items which Tesco was promoting so heavily.

Background to price war. Page 7

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For latest Share Index 'phone 01-246 8026

Surprise issue of £800m. gilt stock

BY MICHAEL BLANDEN

THE BANK of England yesterday took the gilt-edged market by surprise by announcing another £800m. issue of long-dated Government stock.

The issue, which will provide a further contribution to funding the Government's borrowing requirement, will give the Bank a stock on tap to influence the long end of the market and help to keep the money supply under control.

It follows the oversubscription of the last long stock issued on December 22, which has not operated as a tap.

The surprise was in the timing of the announcement, normally made on a Friday.

Last week, however, the Bank appears to have decided that the gilt-edged market was in too nervous a condition to cope with a new issue.

Conditions improved yesterday with prices at the long end rising by up to ¾ ahead of the announcement. The Bank therefore decided to come out with the new issue, shortening the normal timetable to allow the stock to be offered for sale on Thursday.

Earlier in the day, two more of the London clearing banks, Midland and Williams and Glyn's, announced cuts in their lending and deposit rates, bringing them into line with the rest and ending the period of rate competition which lasted through December.

Midland brought its base rate down from 6¾ per cent. to 6½ per cent. and its deposit rate from 4 to 3 per cent., while Williams and Glyn's cut base rate from 7¼ to 6½ per cent. and deposit rate from 3¾ to 3 per cent. The Co-operative Bank also fell into line with the general move, which followed last Friday's ½ per cent. reduction in the Bank of England's minimum lending rate to 6½ per cent.

The news of the new tap stock issue brought a setback in the gilt-edged market in late dealings, and prices of long-dated stocks were slightly easier after hours.

The stock is £800m. of 10½ per cent. Exchequer stock 1995 and is being issued at a price of £95 per cent. This gives a flat yield of 10.79 per cent. and a return to redemption of 10.90 per cent.

Like its recent predecessors, it is in partly-paid form, but with a relatively heavy initial payment of £30. The rest is due on February 27.

£ in New York

—	January 9	Previous
Spot	[illegible]	[illegible]
1 month	[illegible]	[illegible]
3 months	[illegible]	[illegible]
12 months	[illegible]	[illegible]

Wall Street hit by Fed decision

BY STEWART FLEMING AND JOHN WYLES NEW YORK, Jan. 9

WALL STREET'S financial markets were hit by heavy sales of Ordinary shares and sharp cuts in the prices of long-term bonds this morning in the wake of the Federal Reserve Board decision late on Friday to raise the discount rate to 6½ per cent. in defence of the dollar.

Underlining the upward pressure on interest rates, major U.S. banks began to fall in line with the Citibank increase from 7¾ per cent. to 8 per cent. in its —prime lending rate. Later in the day Chase Manhattan also raised its prime rate.

Since commercial banks are not borrowing heavily at the discount rate from the Fed, the Fed's action had a primarily psychological impact in pushing U.S. interest rates higher this morning. But at mid-morning the Fed carried out matched sales of securities in the money markets at 6 9/16 per cent., a move which put upward pressure on short-term rates.

The Fed's move to support the dollar through raising U.S. interest rates, coupled with the rise in prime rate from 7¾ per cent to 8 per cent., has created confusion and uncertainty in the financial markets.

How high?

"Everybody is a little scared this morning," remarked one analyst.

One reason for this is that there is what another analyst described as a feedback mechanism at work.

Now that the authorities have decided to use the interest rate weapon to defend the dollar the question which arises is how much higher the authorities want interest rates to rise.

One analyst suggested that the Fed itself cannot really be sure how high rates should rise until it can assess the success of its shift to higher rates on the price of the dollar on the foreign exchange markets.

If the dollar does not respond well, the Fed may have to push rates higher still. Hence the uncertainty in the markets. A subsidiary concern is the impact of the move to higher rates on the performance of the economy.

Reactions to the Fed move on the discount rate came early this morning with a major Chicago bank, First National Bank of Chicago, setting the pace in following the Citibank prime rate increase.

In the money markets three-month commercial paper, which had been trading last week around 6.52 per cent., rose sharply to 6.70 per cent., and in the bond markets prices fell. By late afternoon Treasury issues were down by as much as a point with corporate long-term bond issues showing similar losses.

Ordinary shares took another pounding in the morning after last week's decline of over 38 points in the Dow Jones industrial average. Wall Street ended the day 8.93 points down at 784.56.

Mr. G. William Miller, who has been nominated by President Carter as the prospective successor to Dr. Arthur Burns, retiring chairman of the Federal Reserve Board, revealed to-day that he had asked Dr. Burns to remain on the board. Dr. Burns has yet to disclose his intentions.

Mr. Miller's decision may reflect concern about international reaction to the departure of Dr. Burns, who is well known and respected abroad, at a time when the dollar is weak.

Commenting on the dollar, Mr. Miller said he did not think it was in much difficulty at all in terms of its real value.

He pointed out that in terms of most other currencies the dollar had not sunk all that much.

Adrian Dicks writes from Basle: "Some small progress" towards the stabilisation of the dollar was reported to have been made during to-day's informal talks here of Central Bank governors under the auspices of the Bank for International Settlements.

It appears that the governors were reasonably satisfied with last week's round of technical measures, but agreed that the continuing absence of a U.S. energy policy remains the greatest obstacle in the way of any sustained recovery of the dollar.

Informed sources deny that there had been any fresh pressure on the Europeans to take new reflationary measures on the part of Dr. Arthur Burns, the outgoing chairman of the Federal Reserve, who is making his farewell appearance among his peers and colleagues.

Michael Blanden writes: The dollar gained ground against most leading currencies in rather quieter exchange markets yesterday.

The increase in the U.S. discount rate from 6 to 6½ per cent. was welcomed by Dr. Otmar Emminger, the president of the West German Bundesbank, as a very useful contribution towards releasing tensions on the foreign exchange market.

The dollar rose against the D-mark to DM2.1465 against DM2.1255 on Friday, and against the Swiss franc to Sw.Frs.2.0175 compared with Sw.Frs.2.0050. Its trade-weighted average depreciation as calculated by Morgan Guaranty narrowed from 4.82 per cent. to 4.43 per cent.

The pound also fell against the dollar by 1.25 cents to $1.9175. But it improved against other currencies to leave its trade-weighted index up at 65.8 against 65.3 on Friday.

EUROPEAN NEWS

Andreotti Government is likely to collapse soon

BY DOMINICK J. COYLE

ROME, Jan. 9.

THE IMMINENT collapse of Italy's 18-month-old minority government is now accepted both by the ruling Christian Democrats and the main opposition parties, including the Communists. The precise schedule for the country's latest political crisis is expected to be determined on Wednesday at a meeting of the Christian Democrat's governing council.

The Communists, publicly at any rate, are continuing to press for their inclusion in a new emergency government. This prospect is understood to have led to the recall to Washington for consultations of the U.S. ambassador to Rome, Mr. Richard Gardner.

The Christian Democrat leadership, however, would rather face new elections than concede the Communists' long-cherished proposal for the so-called "compromesso storico," or grand alliance in government of all Italy's democratic parties.

Sig. Giulio Andreotti's Government has surivied in office since the inconclusive general election in June 1976, because of abstentions in Parliament by the Communists and by the other (much smaller) opposition parties.

But the Communists insist that this formula cannot continue. They charge that an alliance on policies reached with the Christian Democrats last July is not being honoured.

In any event, they say, the economic and social difficulties facing the country, not to mention the recent outbreak of political violence, dictate the creation of an emergency government.

Such a formula is also being backed by both the Socialists and the small, but influential, Republican Party. Yet Prime Minister Andreotti is known to have have reflected the prevailing mood within Christian Democrat ranks when he said recently that there could be no question of including the Communists directly in Government unless such a step was indicated clearly by the electorate in new elections.

The country's three trade union confederations have already agreed to postpone a general strike later this month against the Andreotti Government's economic policies, on the basis that the present Administration is on the verge of collapse in any event.

Christian Democrat spokesmen, both political and economic, have been in more or less constant contact with representatives of the main opposition parties, including the Communists, for the past six weeks, but so far have not reached agreement either on a new governing formula for Italy, or on material alterations to the proposed 1978 Budget which the Government itself has already modified once under pressure from the trade unions.

Emergency meeting on violence

BY PAUL BETTS

ROME, Jan. 9.

ROME'S City Council was holding emergency talks tonight following an escalation of politically-motivated violence here in the last 48 hours. A Government crisis now appears to be imminent.

The Mayor of Rome elected on the Communist list, Sig. Giulio Carlo Argan, described the city as "Italy's capital of violence." He claimed that there was a concerted attempt by a small fringe of political extremists to disrupt the democratic structures of the country.

Terrorist attacks continued throughout the country to-day after a weekend of violence which particularly hit Rome where two young neo-Fascists were shot dead by Left-wing extremists late on Saturday night.

In the subsequent and, by Italian standards inevitable wave of reprisals, another neo-Fascist youth, died after having been shot in the forehead by a police officer. A Left-wing youth was also in a desperate condition after being stabbed by a Right-wing gang.

In Naples, terrorists rioted in a theatre last night during a performance causing serious damage and panic. In Rome, cars and various buildings were wrecked.

This latest burst of violence has been condemned by the country's political forces who are attempting to reach a political compromise to avoid early elections as a result of a Government crisis.

Throughout the last 12 months there has been a sinister undercurrent of violence in the country which appears to have systematically erupted at times of pronounced political instability. On the front line, gangs of youths are seemingly manoeuvred by what the authorities, and indeed the opposition parties, regard here as a deliberate policy of "organised destabilisation."

Brezhnev reported unwell again

BY DAVID SATTER

MOSCOW, Jan. 9.

MR. LEONID BREZHNEV, the Soviet leader, has suffered a relapse of the influenza which kept him out of public view for four weeks. The recurrence has forced him to cancel a scheduled meeting with Mr. Sunao Sonoda, the Japanese Foreign Minister.

Japanese sources said that Mr. Andrei Gromyko, the Soviet Foreign Minister, told Mr. Sonoda that Mr. Brezhnev suffered the relapse after presiding at a Kremlin medal presentation on Thursday. The ceremony was Mr. Brezhnev's first public appearance in four weeks. He had not been seen in public since appearing ill on December 8 at the funeral of Marshal Alexander Vasilevsky. Semi-official Soviet sources said at the time that he was ill with 'flu which has been sweeping Moscow in recent weeks.

The atmosphere of the Soviet-Japanese talks has been good, so it is not thought that Mr. Brezhnev's meeting with Mr. Sonoda had been cancelled for political reasons, although foreign residents of Moscow have seen what they assumed to be Mr. Brezhnev's limousine and escort entering the Kremlin on Friday and to-day, indicating that the Soviet leader may be at work.

During his talks with Mr. Gromyko, Mr. Sonoda raised the question of the status of a string of formerly Japanese islands now held by the Soviet Union. The day's meetings ended with no progress towards agreement on this most sensitive issue in Soviet-Japanese relations.

The islands, which are located off the northern coast of Hokkaido, were occupied by the Soviet Union at the end of the Second World War and Japan has refused to conclude a formal peace treaty with the Soviet Union until they are returned.

Japanese sources said that in the talks to-day the Soviet side suggested that Japan sign a "good neighbour" treaty of co-operation with the Soviet Union. The Japanese position, however, was that neither type of treaty could be considered until a peace treaty was negotiated.

The sources said that the Japanese raised the "territorial question" during the talks but that the Soviet side said its position was unchanged. The Communist Party newspaper Pravda said on Saturday that the territorial issue had "long since ceased to exist."

In spite of the long-standing disagreement over the islands, the talks were said to have gone "smoothly" and in a "very friendly atmosphere." It was agreed to consider the linked questions of a Soviet-Japanese peacy treaty and a solution to the territorial dispute some time in the future.

Mr. Sonoda will continue the talks to-morrow and may meet with Mr. Alexei Kosygin, the Soviet Premier. The Ministerial-level talks have taken place on an annual basis in the past but were not held last year in the aftermath of the dismantling on Japanese soil of a top-secret MIG-25 jet flown there by a defecting Soviet pilot.

New Cyprus peace moves

BY METIN MUNIR

ANKARA, Jan. 9.

THE INTERCOMMUNAL peace talks in Cyprus, suspended since last April, could resume next month or at the beginning of March, Dr. Kurt Waldheim, UN Secretary General, said here to-day, at the end of his talks with Turkish leaders.

On a three-day official visit to Turkey, Dr. Waldheim to-day conferred for nearly three hours with Mr. Bulent Ecevit, the new Turkish Prime Minister, and Professor Gunduz Okcun his Foreign Minister.

"I got the impression that there is a difference and a new interest in coming out with a more concrete approach to the Cyprus problem," he said at a news conference afterwards.

"The difficulty we had in the past was that we couldn't get down to substantive negotiations. We were not able to settle, or negotiate in a meaningful way, the substance of the problem—the territorial and the constitutional aspects. It is my impression that Prime Minister Ecevit is ready to do this. That is what encourages me."

Dr. Waldheim will visit Nicosia and Athens later this month. He leaves Turkey for Iran to-morrow.

It is believed that Mr. Ecevit is prepared to make territorial concessions to the Greeks if they accept the transformation of Cyprus into a bi-regional, sovereign, independent and non-aligned federal State.

Reuter adds from Nicosia: Mr. Ecevit had a half-hour telephone conversation to-day with Turkish-Cypriot leader Rauf Denktash about the Cyprus situation, the official Turkish-Cypriot Bayrak Radio said to-night.

More resignation calls in Poullain affair

BY OUR OWN CORRESPONDENT

BONN, Jan. 9.

POLITICAL TURBULENCE in the local State Government has erupted in the wake of the resignation before Christmas of Herr Ludwig Poullain, Chief Executive of the Westdeutsche Landesbank Gironzentrale (West LB).

Immediately at issue is the position of the Finance Minister of the State of North Rhine-Westphalia, Professor Friedrich Halstenberg, who is also a member of the bank's supervisory Board.

Professor Halstenberg is coming under increasing pressure to step down, not only from the opposition Christian Democrats in the State Parliament but also from members of the Government parties, the Social Democrats (SPD) and Free Democrats (FDP).

These two parties also make up the Federal Government in Bonn. The last thing the federal leadership wants is a provincial row at the start of a year which will see four important State elections in West Germany.

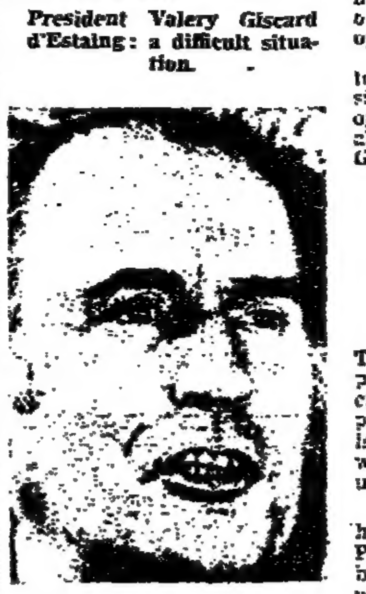
In his resignation statement on December 23, Herr Poullain said he had been accused of taking an advisory post to the detriment of the bank. He was sure his activities did not run counter to his responsibilities to West LB, but he was stepping down while the matter was cleared up so that the bank's image would not suffer.

It has since emerged that Herr Poullain acted as a paid consultant to a property company which has gone into liquidation. It has also been revealed that Professor Halstenberg had indications of the connection some two months before Herr Poullain's re-election on December 2 as Chief Executive of the bank.

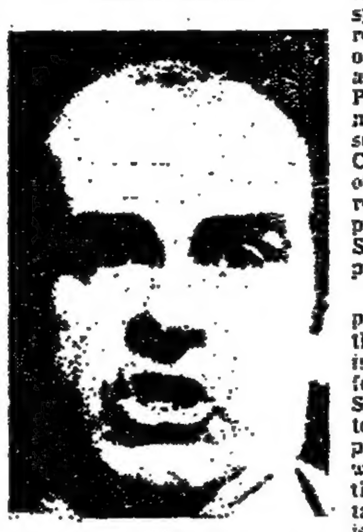
The Minister's critics maintain that he should have passed on this information to his Cabinet colleagues and to the administrative council of the bank. The West LB acts as central bank for North Rhine-Westphalia and the State has a substantial stake in it.

Professor Halstenberg has strongly defended his actions and is supported by the State Prime Minister, Herr Heinz Kuehn. But that of itself has not removed the pressure from party ranks.

President Valery Giscard d'Estaing: a difficult situation.



M. Francois Mitterrand: no second fiddler.



M. Georges Marchais: an end to speculation.

M. Jacques Chirac: proud and ambitious.

French Right feels confident of poll win

BY DAVID CURRY

PARIS, Jan. 9.

THE PARTIES of the French Right are becoming increasingly confident that they will pull off the general election victory in March which a year ago seemed hopeless. Over the week-end French Press and television was dominated by the news of the Prime Minister Raymond Barre's speech, at Blois in central France, outlining the Government's election manifesto and by repeated reports of the bitter warfare between the Communists and Socialists, which seems finally to have buried any hope of their pre-electoral co-operation.

Just a year ago, in the run-up to the municipal elections, the situation was practically the opposite. The Gaullists were in almost open revolt against the Government over the battle for the mayoralty of Paris and European policy while the Left-wing coalition seemed to be cruising towards an irresistible victory.

M. Raymond Barre's week-end speech outlining "the Programme of Blois" has been assessed in the light of the Prime Minister's ambiguous position. On the one hand, M. Barre is the leader of the Government but at the same time he has been denied by the Gaullists a formal role as election leader of the Government-supporting parties.

It is generally felt that M. Barre has stamped his own ideas strongly enough on the programme—notably by his insistence on the pursuit of economic recovery receiving priority over reform—and that he has expressed the Government's ideas powerfully enough to make himself a central figure in the campaign. This is the role the Giscardiens want him to fulfil.

At the same time, however, he said nothing which pre-empts the parties forming the majority from presenting their own programme, as the Gaullists intend to do.

M. Barre added to-day that the Blois Programme, when fully implemented (in 1982) would cost Frs.23bn. a year

Reactions were predictable. M. Jean Lecanuet, of the Centrists, has stressed his own identity of political outlook with President Giscard d'Estaing and endorsed the programme warmly. A similar enthusiasm came from the Giscardiens, while the Government-supporting radicals said they would examine the programme "with a favourable prejudice."

On the Left, more preoccupied over the weekend with its own civil war than with attacking the Government, the programme was peremptorily condemned. M. Georges Marchais, the Communist leader, described it as nothing more than a promise of five years of austerity which would bear exclusively on working people.

M. Francois Mitterrand, the Socialist leader, said that the speech contained nothing more than a new series of "small promises," of the sort which made up the Government's staple diet.

● Overall expenditure for the city Paris in 1978 has been tentatively set at Frs.2.7bn.—an increase of 18.8 per cent. on the 1977 total—according to a draft budget proposed to the Paris City Council to-day, AP-DJ reports.

Marchais hoists his colours

BY ROBERT MAUTHNER IN PARIS

THE FRENCH POLITICAL picture has been unexpectedly clarified by an untypically frank policy statement by the Communist leader, M. Georges Marchais with only some 60 days to go until the general election.

Ripping off the veils which have shrouded the Communist Party's motives ever since the breakdown of the negotiations with its left-wing partners last September, M. Marchais effectively put an end to all the speculation about his Party's reasons for scuttling the Alliance of the Left. He made it clear at a national conference of the Party last week-end that the Communists' main concern was not so much the content of the Common Programme of the Left, on which the parties of the Left remain deeply divided, as the power relationship between the Socialist and Communist parties.

The Communists would be prepared to join a government of the Left only if their strength in the country was great enough for them to stand up to the Socialists as equal partners and to exercise their influence on policy-making. Otherwise, they would remain in opposition and thus avoid the ideological contamination of policy compromises with the Socialists and left-wing Radicals.

The strength of the Communist Party will be tested in the first round of the election, when only those candidates polling more than 50 per cent. of the total vote in any constituency are elected outright. If, as the latest public opinion polls indicate, the Communists obtain no more than 21 per cent. of the national vote in the first ballot, they will not be prepared to make an electoral pact with the Socialists in the run-off on March 19, in which only the leading candidates in the first round remain to fight it out in the constituency.

This means in practice that the Communists would not stand down automatically in favour of a Socialist or left-wing Radical should the latter emerge as the leading flag-bearer of the Left in the first round. In other words, the Left would go into the run-off divided, so greatly strengthening the prospects of the Government coalition parties, which will, in most cases, withdraw in each other's favour in the run-off.

It is true that M. Marchais has not slammed the door completely on an eleventh-hour Left-wing alliance. But the chink he has left is so small that the pact is most unlikely to materialise. The Communists have set themselves a target of 25 per cent. of the national vote.

While M. Marchais has not slammed the door completely on an eleventh-hour left-wing alliance, the chink he has left is so small the pact is most unlikely to materialise.

Only if they achieve a result within about two percentage points of this figure would they have second thoughts about patching up their quarrel with the Socialists.

The unlikelihood of such a score is eloquently underlined by the percentages obtained by the Communist Party in parliamentary elections over the last 20 years—a little more than 18 per cent. in 1958, 21.8 per cent. in 1962, 22.46 per cent. in 1967, 20 per cent. in 1968 and 21.5 per cent. in the last general election in 1973. Moreover, the Socialist Party has gone from strength to strength in the last five years or so and is much more likely to win the support of a sizeable section of the Communist electorate this time than it did in the recent past.

Even if the two main parties of the Left remain divided, however, the election could still be close. The most recent public opinion poll indicates that, in the first round at least, 50-51 per cent. of the electorate intends to vote for the parties of the Left and no more than 45 to 47 per cent. for the coalition parties.

But the first round is habitually an occasion on which the voters express their fundamental preferences without too much thought for the final result. When faced with a decisive choice in the run-off, the fear of radical change normally leads a substantial number of voters to have second thoughts.

Moreover, the present constituency boundaries do not favour the Left, which would have to obtain substantially more than 51 per cent. of the national vote to win a majority of the seats in the National Assembly. All the indications are that, if the Left fails to forge an electoral pact in time for the run-off, the coalition parties will again win a substantial majority of Assembly seats. A recent poll published by the news magazine Le Point even suggests that the Government parties would win more than 270 seats, against 200 for the Left.

It is looking increasingly unlikely therefore, that France will have a homogenous Left wing Government after the general election. But the exact colour and composition of the Government still remains most doubtful, particularly since, under the French constitution, the President has the power to choose whom he likes as Prime Minister. At the same time, the President, Valery Giscard d'Estaing, necessarily has to take into account the political composition of Parliament on which, in spite of its greatly reduced powers under the Fifth Republic, he depends to pass his legislation.

Since the Socialists and Gaullists are likely to emerge as the two strongest parliamentary groups from the election, President Giscard d'Estaing will be faced with a difficult situation. It is by no means clear that he will be able to fulfil his personal dream of forming a left-of-centre coalition, including the Socialists.

An appointment of M. Francois Mitterrand, the Socialist leader, as Prime Minister, if the Gaullists win roughly the same number of National Assembly seats as the Socialists and thus, remain the strongest representatives of the present coalition, would no doubt, be unacceptable to the proud and ambitious Gaullist leader M. Jacques Chirac. On the other hand, it appears out of the question that the Socialists would agree to play second fiddle to the Gaullists in any Government.

Indeed, it is doubtful whether in spite of all the disappointments which he has suffered at the hands of the Communists, M. Mitterrand would agree to serve at all in a Government including the present coalition partners, unless the Socialists were in a really dominant position. If he allowed himself to be tempted by such a solution, the Socialists would lose much of their credibility as a genuine left-wing force and the Communists would become the natural repository of frustrated left-wing aspirations in the country. That is clearly what M. Marchais hopes will happen.

Assuming that he is not presented with a complete parliamentary stalemate, it is, therefore, quite possible that President Giscard d'Estaing will again find himself in a position of having to make do with a Government made up of the present coalition parties, including, notably, the Gaullists. The President would certainly like to ring the changes within the political limits he has set himself, but may well be prevented from doing so by the election results.

The scenario of a Government victory, which must now be considered the most plausible of all the various alternatives, is based on the assumption that there will be no last minute rift in the coalition camp. After all the bitter quarrels between the Gaullists and their partners, to say nothing of the personal rivalry between President Giscard d'Estaing and M. Chirac, the climate on the right of the political spectrum has been relatively serene recently.

But the seeds of discord are still very much there and could easily cause a major row at short notice. The Gaullists, while they subscribed to an anodyne coalition manifesto which is nothing more than a list of general principles, are less than pleased by the initiative taken by M. Raymond Barre, the Prime Minister, when he presented a Government election programme on behalf of all the coalition partners. They are due to present their own party programme shortly, and sparks could still fly between M. Chirac and M. Barre as the election campaign progresses.

Norway warning on risk of North Sea blow-out

BY FAY GJESTER

OSLO, Jan. 9.

A FUTURE North Sea blow-out from a platform on which drilling and production were being carried out simultaneously could lead to a spoil nearly 10 times as large as that experienced during last year's Ekofisk Bravo blow-out, according to Mr. Tore-Jarl Christensen, Norway's Deputy Minister of the Environment.

Under the worst circumstances, he told a seminar at Trondheim, a blow-out from such a platform could release as much as 20,000 tonnes per day into the sea—an amount which could seriously threaten marine life.

Another speaker urged the creation, by North Sea countries, of a data bank which would catalogue all mishaps with North Sea pipelines—leaks, damage caused by trawlers, ships dropping anchor and so forth. Mr. Rasmus Garnes, safety officer with Norpipe, which owns the Ekofisk/Teesside and Ekofisk/Emden lines, said that such a data bank would increase safety and contribute to the improvement of pipeline technology. At present, oil companies were under no obligation to report leaks or damage to the respective governments.

The Teesside line has already been slightly damaged by the anchor of a ship whose captain was using a 14-year-old chart, he said. Norpipe reckoned that if the line was seriously hit, and given unfavourable circumstances, as much as 6,000 tonnes of oil could be released in only six hours.

● The cost and inflation problems plaguing Norway's economy were spotlighted in a recent confidential report by OECD economists, the Oslo Aftenposten newspaper revealed to-day.

The report, intended only as internal information for the organisation's officials, said Norwegian industry's production costs had risen much faster than those of competing countries, and pointed out that last year's balance of payments deficit had risen to more than 14 per cent. of the GNP—a higher proportion than in any other OECD country.

On prices, it said, the expectation of oil wealth had probably stimulated Norwegian workers' wage demands, making it hard for policymakers to curb the wage/price spiral.

Aftenposten says the report—which contains some criticism of the Government's economic policies—was not shown to Norwegian Government representatives before it was circulated within the organisation, early last month.

Gierek plans gradual rise in food prices

By Christopher Bobinski

WARSAW, Jan. 9.

RISES IN the prices of basic foods—an issue which has provoked workers' riots and demonstrations twice in the last eight years—will not be introduced in Poland for some time at least.

This is the conclusion to be drawn from a keynote speech delivered by Mr. Edward Gierek, the Polish Communist Party leader, to the 1,800 delegates at the second Party Conference meeting here to-day.

"I think," he said, "we will solve the problem of basic food prices gradually as the necessary economic and production conditions come about."

This means that it has been decided that the price of articles at present in short supply, like meat, will only go up when production is large enough to ensure adequate supplies.

Mr. Gierek did say that a committee set up to look at the problem of prices, after demonstrations in 1976 forced the Government to rescind proposed increases, had reported to the party conference on the disproportion between prices of food and those of durable consumer goods.

It also reported on the disparity between the costs of food production and the food in the shops. Food price subsidies will cost the government Z126bn. in 1978.

But Mr. Gierek stressed that the "growth of agricultural production is the main issue" when considering the prices problem.

He also underlined that the results of a partial decentralisation of economic decision making introduced in five industrial Ministries last year "encouraged further introduction of the system in other areas."

Mr. Gierek reiterated his long-standing commitment to consult with the population, but classified human rights groups as "inspired and assisted by anti-socialist forces from abroad."

Another conciliatory note was his statement on good relations between Church and State "which consist of co-operation to achieve great national aims."

Belgium's petrol workers to strike for less hours

BY DAVID BUCHAN

BRUSSELS, Jan. 9.

THE 5,000 WORKERS in Belgium's petroleum industry have given notice that they will go on strike from January 17, unless their demand for a shorter working week is met by the employers.

The step came after Mr. Guy Spitaels, the Belgian Labour Minister, made it clear on Friday that the Government would not intervene at this stage.

The petroleum refining companies have refused the union's demand for a 36-hour week in renewing their old contract which ran out on December 31. The employers have also rejected a compromise, supported by the Government, for a reduction of weekly working hours in this sector to 38 next July and to 36 by October 1979.

Shortly after the strike announcement by the Petroleum Industry Workers' Union, the independent petrol retailers and garage pump assistants decided to jump on the bandwagon and stage a protest strike on Januar[y] 17.

They cited their discon[tent] with competition from the [bi]g petrol companies in the form [of] price cutting and various [sal]es gimmicks.

If the Government does [not] step in to settle the dispute, [it] will be the first major industri[al] disturbance since a series [of] national strikes launched [la]st spring against the econom[ic] policies of the first coalition Go[v]ernment of Prime Minister [Le]o Tindemans.

Demands for a 36-hour work[ing] week have been strongly push[ed] particularly by the Sociali[st] FGTB trade union federation, [as] a means of sharing out more w[ork] among Belgium's 300,000 [un]employed.

But the employers' federatio[n] and most Ministers, regard a drastic cut in the present [40]-hour working week as impos[ing] unacceptable extra costs on co[m]panies for no gain in productivi[ty].

Britain attacked on EEC

FINANCIAL TIMES REPORTER

DR. GARRET FitzGerald, the former Irish Foreign Minister, claimed yesterday that Britain's approach to the Common Market had a depressing effect on the Community. He accused the British of persistently dragging their feet on closer economic and political co-operation since joining the EEC.

Dr. FitzGerald, who won high respect for his commitment to Europe when his party was in office in Dublin, said: "Britain has set up a series of road blocks in the way of further progress in this direction.

"Given the lack of enthusiasm of the majority of the Fre[nch] Parliament for further devel[op]ment of the Community, negative British approach had a powerful and depress[ing] effect on the whole Communi[ty]."

Dr. FitzGerald, who leads [Ire]land's Fine Gael party, speaking at a lunch in Cork, said the major countries in [the] EEC, not only Britain [and] France, but also West Germ[any] had been unable to grasp [the] truth that the combined eff[orts] of the members in tack[ling] economic problems were m[ore] effective than the total of [the] nine separate efforts.

Early SALT agreement forecast

GENEVA, Jan. [9.]

U.S. AND SOVIET nuclear weapons negotiators to-day predicted an early agreement at the second round of strategic arms limitation talks, SALT II

Mr. Paul Warnke, director of the U.S. Arms Control and disarmament Agency, said in a statement released here tha[t he] expects a SALT II treaty w[ithin] four months.

Mr. Vladimir Semenov, chief Soviet SALT negoti[ator] said: "Prospects are fairly [good] for bringing these negotia[tions] to a successful conclusion." UPI

Bonn protest at East German ban on Spiegel journalist

BY JONATHAN CARR

BONN, Jan. 9.

WEST GERMANY to-day complained to the East Germans over their refusal to allow the new reporter of the Hamburg magazine, Der Spiegel, into East Berlin to take up his duties.

At the same time there are clear indications that the Bonn government is anxious to avoid any further escalation of criticism which could set back the tough but mutually valuable dialogue between the two German states.

In particular, government officials remain unwilling to comment directly on the authenticity of the manifesto by an alleged group of East German dissidents, a further extract of which was published by Der Spiegel to-day.

The manifesto criticises the East German leadership for, among other things, nepotism and corruption. East Berlin has reacted to the publication by banning for the moment, the new Spiegel correspondent Herr Karl Heinz Vater, and by criticising the work of the correspondent of the second West German TV channel in East Germany, Herr Dirk Sager.

West Germany's Permanent Representative in East Berlin, Herr Gaus told the East Germans to-day that their conduct did not conform with the exchange of letters of 1972 between the two governments, setting out the conditions of work for journalists on each other's territory.

But Herr Gaus also noted that he had discussed other questions. To-morrow he would continue talks on a veterinary accord with East Germany and on January 20 would have discussions on further construction of a cross-border section of the autobahn network.

The moderate tone of his remarks coincided with that adopted this week-end by Herr Hans Jeurgen Wischnewski, Minister of State at the Bonn Chancellery and a central figure in East-West German relations. Herr Wischnewski said it was wrong to speak of a crisis over the Spiegal affair and believed there was a chance the matter would be solved before long.

He listed areas where progress had already been made in talks with East Berlin and said he expected more this year. He noted that Bonn and East Berlin were not engaged in a dialogue merely over technical issues and went out of his way to stress matters where the two sides had a common concern and objective.

The overall impression left by his remarks is that East and West Germany are rather closer on several disputed issues than is often supposed—and that the latest incident is an aberration.

Herr Wischnewski did say that certain problems involving West Berlin would only be solved with the East Germans when accords on the same issues had been reached with Moscow. In this connection, West Germany hopes for progress during the visit to Bonn of the Soviet President, Leonid Brezhnev. This visit has been expected for well over a year.

● East Germany has arrested West Berlin city official Mr. Guenter Weinhold as a spy, the official Communist news agency ADN said here to-day, reports Reuter.

The agency said Herr Weinhold, who was arrested on Sunday, had been an agent of the West German intelligence service (BND) for many years.

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Threat of curbs on energy use if Bill remains stalled

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, Jan. 9.

DR. JAMES Schlesinger, the U.S. Energy Secretary, has warned that President Carter is ready to impose curbs on the consumption of energy, if Congress should fail to pass the dead-locked Energy Bill.

These comments, made on the eve of a week-long trip to Morocco and Saudi Arabia, which Dr. Schlesinger was to begin to-day, reflect a heightened awareness in Washington of the need for action on the energy front in order to stop further erosion of the value of the dollar.

Mr. Jody Powell, the Presidential Press Secretary, said last night, after a meeting between Mr. Carter and Dr. Schlesinger, that every foreign leader whom the President had met in his recent foreign tour had raised the problem of U.S. energy consumption, "and it was always in connection with their concern about the decline of the U.S. dollar," he added.

"They understand, even if people in this country appear not to understand," Mr. Powell said, "that the decline in the value of the dollar is directly related to our inability, so far, to get control of our energy appetites."

For his part, Dr. Schlesinger declined to speculate on what sort of controls the President might have recourse to. The Administration's preference remains that Congress pass the Energy Bill, and there were clear signs over the week-end that greater efforts to break the dead-lock are being made.

Dr. Schlesinger flew out to California to confer with Senator Henry Jackson of Washington, and reported that the Senator had promised "a wholly new effort," to end one of the two critical impasses—the pricing of natural gas.

Mr. Jackson, leader of the Senators in the joint Senate-House conference committee, has so far maintained that the administration's proposals are too generous to the oil and gas industry. He is also known to be unhappy with various other aspects of the draft legislation.

Dr. Schlesinger, nonetheless, felt obliged to warn that it would be unwise to expect a dramatic breakthrough too early, saying that it was very difficult to see Congress producing final legislation before March. The conference committee is not due to reconvene until January 23, although some of its important members will be back in Washington before then and may informally test the waters for the possibility of a new compromise.

The Administration is also receiving some assistance in its drive for energy action by the newly-designated chairman of the Federal Reserve Board, Mr. G. William Miller.

In an interview with a U.S. magazine out to-day, Mr. Miller spoke of the need for an energy policy and of the dangers of a failure to produce one "if the dollar continues to decline," he said, "the oil-producing countries, which now price their oil in dollars, will want to switch to some other currency, and that would hurt the U.S. tremendously."

Describing the dollar as "undervalued," Mr. Miller asserted that U.S. policy should be directed toward getting the exchange rate for the dollar back up to more realistic levels." Endorsing the steps taken last week to support the dollar, he said that U.S. should reduce its deficit by implementing an energy policy, by insisting on "a fair trade," and by generally creating a climate of confidence, "so that we can continue to have an inflow of foreign capital."

Growth of 4-5% in U.S. GNP forecast

By Our Own Correspondent

WASHINGTON, Jan. 9.

THE U.S. gross national product will grow by between 4 and 5 per cent. in real terms this year, according to the Commerce Department's annual industrial outlook.

This overall forecast is in line with others issued by the Administration. The Department suggests that the rate of growth will taper off in the course of the year as social security and other higher taxes take effect, but it acknowledges that its calculations do not include the impact of the tax cuts which President Carter is due to unveil shortly, which would, of course, militate in the other direction.

The survey also predicts a similar 6 per cent. rate of inflation this year, compared with last, some slight reduction in unemployment to about 6.5 per cent. from the current 7 per cent. (but this also assumes no change in federal fiscal policies), "significant growth" in business fixed investment and, on the darker side, a trade deficit in 1978 comparable to the estimated $27bn. deficit of last year.

However, two other independent surveys suggest that public attitudes towards the performance of the economy are less sanguine.

A Conference Board canvass of leading corporate executives found a marked drop in confidence. Its measure of business confidence, based on a scale of 0-100, fell to 52 in the final quarter of last year, compared with 59 and 71 in the two preceding quarters.

The widely-respected University of Michigan Survey Research Centre also discerned a decline in consumer confidence in its last canvass, taken in November and December. The drop in confidence was widespread across economic groups, but with the less-wealthy feeling less confident than the better-off.

Reuter adds: The department forecasts that some industries will have substantial gains during the year—like aerospace, growing by up to 21 per cent. in value of shipments—while a more modest performance is expected for the car industry, where shipments are expected to dip by about 1 per cent. The other top-ten industries are expected to show gains of 7-12 per cent. this year, it said.

The outlook said that total motor vehicle sales, which set a record of nearly 15m. units last year, will decrease slightly to about 14.5m.

Total car sales, which reached about 11.3m. last year are expected to fall to about 11m. this year. Sales of U.S.-produced cars are forecast to slip to about 9m. from 9.2m. in 1977, while sales of imported cars are likely to dip to 2m. units from 2.1m.

The Department said that construction spending will rise by about 10 per cent. to $184.5bn. this year, after a 14 per cent. gain in 1977 to $168bn.

For the pulp and paper industry, the projected gains for the economy as a whole point to higher sales and earnings. Product shipments are expected to grow by about 11 per cent. to $39bn., although global inventories of pulp are still excessive and will influence world prices.

Aluminium production is expected to continue its steady gains this year, after increasing by about 6 per cent. in the preceding 12 months, and steel production is expected to rise by just over 9 per cent. after a 1 per cent. drop in 1977.

Imports of steel, which accounted for about 17 per cent. of domestic apparent consumption of steel, and totalled $4.5bn. in 1977 are expected to fall to $4.2bn. However, the outlook does not take into account any effects of the reference price system recently announced by the administration.

Sales of chemicals and allied products, the Department said, are likely to rise to about $123bn. this year, a 10 per cent. gain on that of 1977, with plastic materials and resins the fastest-growing sector, and nitrogen fertilisers having the slowest growth.

However, the outlook said that there are three important factors clouding the outlook for this year—the competitive impact internationally of any energy bill passed by Congress, federal regulations, and the multilateral trade negotiations which are due to begin later this month.

"Until a clearer picture emerges a wait-and-see attitude seems to have developed, affecting decisions on new plant investment in 1977 and perhaps into 1978," the forecast said.

Petrol prices start to decline

BY JOHN WYLES

NEW YORK, Jan. 9.

PETROL PRICES have started to decline in the U.S. over the past few weeks, partially as a result of slackening demand and high refinery stocks.

Gulf Oil announce dat the end of last week that it was cutting its prices on all grades of petrol by a penny a gallon throughout most of the country. This followed similar cuts during December by Shell, Texaco, Exxon and Standard Oil of California.

Demand for petrol traditionally levels off at this time of the year but this softening in the market is coming at a time of historically low growth in petrol consumption. On most estimates, demand in 1977 has risen by no more than 2-3 per cent. compared with 4-5 per cent. throughout most of this decade. This smaller-than-expected increase in the market first put pressure on prices in the summer when refiners launched a round of price cutting in an attempt to move steadily increasing stocks. For the week ending December 23, petrol stock stood at 248.8m. barrels, compared with 226.7m. for the equivalent period in 1976.

The intricacies of the Federal Government's price control system is also believed to be a factor depressing the prices being charged by some refiners. The producers have to justify their prices each month and are either allowed to pas on higher crude oil costs immediately or to "bank" them for use at some future date.

Some analysts are suggesting that these reserved price increases have been exhausted by a number of refiners and that they are having corresponding difficulty justifying price levels.

At the moment, however, this is speculation, because neither the Department of Energy nor the oil companies will comment.

Nuclear power station approved

WASHINGTON, Jan. 9.

THE NUCLEAR Regulatory Commission (NRC) has said that Public Service Company of New Hampshire may continue construction of the controversial $2bn. nuclear power station at Seabrook, New Hampshire.

The Commission unanimously affirmed a decision last July by its Atomic Safety and Licensing Board, which permitted work on the two power plants to resume after a suspension of about six months.

Mr. Joseph Hedrie, the chairman of the four-member Commission, did not participate in the ruling because of his earlier involvement with the Seabrook application as an Atomic Energy Commission official.

The Commission said it agreed with the Appeals Board's finding that there was a "reasonable assurance" that Public Service had the financial qualifications to complete the project.

On the environmental issue that led to massive arrests of demonstrators at the Seabrook site last spring, the Commission simply adopted the conclusions of the Environmental Protection Agency, which dropped its objections to the facility in June.

The Commission decided that it was free to "accept and use without independent inquiry" the EPA's determination that the heated water the power sation would dump into the Atlantic ocean would not hurt fish

As a result of the Seabrook controversy, the Commission said it had decided to begin two studies that could, affect the licensing of nuclear plants in general. AP-DJ

Argentina 'to reject arbitration'

BY HUGH O'SHAUGHNESSY

ARGENTINA will refuse to accept the British arbitration decision, which last year awarded to Chile three islands in the Beagle Channel near Cape Horn which are claimed by Argentina indications from Argentine diplomatic sources. The governing Argentine military junta is giving publicity to the manoeuvres of the armed forces.

The award of the islands of Nueva, Picton and Lennox to Chile was agreed unanimously by five judges of the International Court of Justice, only one of whom was British. Their decision was formally ratified and announced on May 2 by the Queen, the formal arbitrator, who had referred the matter to the court after the two countries had invoked a 19th-century treaty which named the British Crown as arbitrator.

Argentina has until February 2 to complain about the way in which the decision was reached. But it cannot reject it outright without breaking its treaty commitment to accept the arbitration as final.

The latest activity in Argentina was provoked by the irritation of the Argentine junta at remarks last week by General Augusto Pinochet, the Chilean President.

Following the announcement of a large majority in favour of Gen. Pinochet in a referendum on Wednesday, he announced that Chilean foreign policy would become more aggressive, and that the dispute about the islands had been whipped up by "certain Marxist elements in Argentina."

This has been taken as a clear insult by senior Argentine officers, who are taking a firm anti-Chilean position on the islands and who consider themselves to be far from Marxist.

Sr. Hernan Rios, the legal adviser of the Chilean foreign ministry, has restated the Chilean view that the award is not subject to appeal.

At the week-end, Adm. Emilio Massera, the Argentine navy commander and the member of the junta who has been most overtly hostile to the arbitration, boarded the aircraft-carrier 25 de Mayo for a visit to naval bases on the Atlantic, while Brig. Orlando Agosti, the air force commander, has been inspecting airfields on the Chilean border.

Argentine officers and diplomats are believed to be split on the advisability of throwing out completely an award which their country is legally committed to accept. Those who are pushing for outright rejection point to the fact that the Chilean authorities, whose conduct was condemned last month in the UN, are diplomatically isolated and, in any crisis, could count on little international support for their position, however worthy of support it might be.

In London, Whitehall sources would not be drawn on what the British attitude would be if the award were rejected by Argentina, limiting themselves to remarking that the case would merit profound study by legal experts.

U.K. Minister in aid talks in Guyana

By Our Own Correspondent

GEORGETOWN, Jan. 9.

MRS. JUDITH HART, the British Minister for Overseas Development, arrived in Guyana last night on the third leg of a five-nation tour of Central America and the Caribbean.

She has already been to Costa Rica and Venezuela. From Georgetown, she will go on to Barbados and Jamaica.

While in Guyana, she will hold talks with cabinet ministers and the Prime Minister, Mr. Forbes Burnham, on bilateral relations and the follow-up to a World Bank-sponsored conference on aid to the Caribbean which was held in Washington last month.

She will also sign an aid agreement under which Britain will provide Guyana with a £10m. soft loan which will be used mainly to help finance expansion of a large drainage and irrigation scheme in western Guyana.

Mrs. Hart is to leave here on Wednesday.

Coalition partners attack Begin over settlements

BY DAVID LENNON

TEL AVIV, Jan. 9.

THE DEMOCRATIC Movement for Change, one of the Israeli coalition partners, to-day appealed to the Knesset foreign affairs and defence committee against the decision to set up four settlements in the occupied West Bank.

The decision made by the government settlements committee crossed party lines. The opposition Labour Party asked for the meeting to be adjourned until to-morrow to enable the party to decide its position.

Objection to the plan came from both ends of the political spectrum. While some members of the Knesset committee thought it ill-advised to build new settlements while peace negotiations were in progress, others argued that more should be created immediately. However, when the committee resumes the debate to-morrow, it is expected to approve the Government's settlement policy.

A further illustration of the divisions within the country over Israeli peace plans came early this morning when the Herut Party, the political base of Mr. Menhem Begin, the Prime Minister and one of the major components of the ruling Likud bloc, split over the selection of its nominee for an additional Cabinet seat.

Even with the backing of the Prime Minister, Mr. Haim Landau received only 306 votes; his opponent, who opposes Mr. Begin's peace plan, gained 207.

Meanwhile, Mr. Moshe Dayan, the Foreign Minister, said to-day that no agenda had yet been worked out for the Israel-Egypt political committee which is due to meet in Jerusalem on Monday. He said there were differences of opinion between the two countries over the order in which subjects should be tackled.

Negotiations are continuing, but it is possible that deciding the agenda may turn out to be the first item for discussion when the two sides meet.

Sadat in private talks with Shah

BY ROGER MATTHEWS

CAIRO, Jan. 9.

THE SHAH of Iran arrived in Aswan this afternoon for talks with President Anwar Sadat, another indication of the more central role he is seeking in Middle East peace developments. The two men met in private for several hours and are understood to have covered the broad theme of Mr. Sadat's peace efforts, which the Shah described as "correct."

The Iranian leader has recently held talks with King Hussein of Jordan and President Jimmy Carter and is believed to be maintaining important contacts with Israel. After his talks in Egypt, the Shah flies to Saudi Arabia to meet King Khaled.

This latest flurry of Middle East diplomatic activity—which will be supplemented later this week by the anticipated arrival first of King Hussein and then Mr. James Callaghan, the U.K. Prime Minister — comes as the main thrust of peace negotiations is about to get under way. The Egyptian-Israeli military committee is scheduled to meet on Wednesday, with the Cairo Government insisting that the issue of Israeli settlements in Sinai tops the agenda, while the political committe holds its first session in Jerusalem next Monday.

Egyptian officials believe these committees will provide the best indication of whether, as they see it, Israel is willing to answer in concrete terms the generous concession provided by Mr. Sadat in making his journey to Jerusalem.

Meanwhile, Mr. Sadat is trying to broaden the base of his international support, a factor which will become increasingly important if the negotiations with Israel are eventually threatened by breakdown. The wealth and growing military power of Iran is clearly an important element in Middle East politics and the views of the Shah can be as important to the United States as those of Saudi Arabia.

There is suspicion in official Egyptian circles that Mr. Begin is seeking to concentrate attention on the settlemens in Sinai in order to draw the spotlight away from the similar situation that exists on the West Bank and Gaza Strip. His remark that Israel might withdraw the peace proposals that were rejected by President Sadat in Ismailia on Christmas Day if Egypt still tried to insist on the removal of all Sinai settlements, was interpreted here as being primarily for domestic consumption and the expected "diplomatic bluster" that precedes real negotiations.

However, in case Mr. Begin's words do accurately reflect his minimum position on the settlements question, the Egyptians will continue to probe attitudes of other Israeli leaders, notably those of Mr. Ezer Weizman, the Defence Minister, who will head the delegation to the military committee.

Assad hits peace effort

NEW YORK, Jan. 8.

PRESIDENT Hafez al Assad of Syria says that President Anwar Sadat of Egypt destroyed efforts for a MiddleEast peace by his separate Initiative with Israel, according to Newsweek magazine.

Mr. Assad said in the interview that by going to Jerusalem last November Mr. Sadat "broke Arab solidarity and dealt separately and alone with affairs that concern the whole region, which he had no right to do.

"He destroyed efforts for peace which were on the way to being fruitful. By doing all this, he gave up the process of peace and shifted to capitulation." Mr. Assad continued, saying that Mr. Sadat had "weakened the Arab stand and acted against the desires and aspirations of the Arab masses."

Even though Mr. Sadat has reiterated a position identical to Syria—that there can be no compromise on the total Israeli withdrawal from Arab land—Mr. Assad said that the Egyptian leader was on his way to negotiating a separate peace.

"What he says is one thing and what he does is quite another. Sadat is now on the way to a separate deal (with Israel). The road he has chosen can only lead to such a deal."

Asked why he did not close ranks with Egypt when Mr. Sadat had rejected the idea of an Israeli-Egyptian agreement as a substitute for an overall settlement, Mr. Assad described the Egyptian leader's position as "pure theatrics."

"What's now going on is something that will lead to a Sinai agreement coupled with a cosmetic formula, designed to liquidate the Palestinian question," said Mr. Assad.

Regarding Israel and its security concerns, Syria's President said: "Judging from tangible evidence, such as the expansion of Israeli settlements in the occupied territories, we conclude Israel has expansionist concerns more than security concerns."

Asked what role he thought Jordan should play on the road to an overall settlement, Mr. Assad said: "Peace cannot be achieved without Arab unanimity. But I don't see a role for Jordan to play under the shadow of separate deals."

Reuter

Israelis plan for budget deficit

By L. Daniel

JERUSALEM, Jan 9.

AN inflated budget of I£182bn. (£6.05bn.) for fiscal 1978-79, was tabled in the Knesset here this afternoon.

This budget is 75 per cent larger than the one originally drafted for the current year, and 30 per cent. above the amended one, following the approval by the Government yesterday of a supplementary budget of the equivalent of I£35bn.

Members from both sides of the Knesset are trying to get the budget reduced especially as the proposed expenditure would involve deficit financing of over I£200m.—contrary to the ruling Likud bloc's pledges.

For the first time, debt service and repayment is the single largest item, replacing military expenditure at the head of the list. Loan repayment and interest will eat up fully one-third of total expenditure.

However, 1978 is a peak year for debt servicing and the proportion of this item in the total will decline from 1979 onwards. Defence expenditure during the coming year will come to I£1.8bn., which means no change in real terms from this year's allocation.

These figures indicate that Israel's inflation, which reached 45 per cent. in 1977, will again be between 30 and 40 per cent. this year, especially as the Government intends to reduce food subsidies further so that they will not constitute more than 20 per cent. of the retail price of products by the end of fiscal 1978-79.

While this measure will reduce the burden of subsidy payments on the Government, it will drive up the consumer price index which, in turn, means that the State will have to pay its employees higher semi-annual cost-of-living increments.

The same logic applies to the Government's intentions to increase still further the cost of fuel, postal charges and other services which will both influence its own direct expenditure and the index (and in the process alter the amount of the internal debt since Government bonds are linked by between 80 and 100 per cent. to the cost-of-living index). These all-round increases will also have an adverse effect on the profitability of exports, economists warn.

Dominick Coyle adds from Rome: Gen. Moshe Dayan, the Israeli Foreign Minister, began an official visit this evening to Rome aimed at securing Italian support for the Israeli Middle East peace proposals and, if possible, a modification of the Vatican's insistence on the internationalisation of Jerusalem as part of any eventual settlement.

Gen. Dyan will meet President Giovanni Leone, Prime Minister Giulio Andreotti and Sig. Arnaldo Forlani, the Foreign Minister, during his two-day visit.

Machel backs Owen offer

BY MARTIN DICKSON

THE BRITISH Government has won the backing of President Samora Machel of Mozambique in its efforts to arrange an early meeting between Dr. David Owen, the Foreign Secretary, or other UK officials, and the leaders of Rhodesia's Patriotic Front nationalist alliance.

This appears to have been the main achievement of the visit to Mozambique at the week-end by Lord Carver, the British Commissioner-designate for Rhodesia.

Talks between Dr. Owen and the Patriotic Front would be designed "to restore some momentum to the Anglo-American settlement initiative on Rhodesia at a time when separate internal settlement talks —to which the Patriotic Front is not a party—are taking place in Salisbury between the Rhodesian Government and three internally-based nationalist groups.

Dr. Owen issued an invitation for talks to the Patriotic Front just before Christmas but has still not received a reply. It is understood that President Machel will encourage the Patriotic Front to reply to the invitation.

However, the Patriotic Front turned down an earlier invitation from Dr. Owen. Statements by the leaders of the alliance suggest that they may be reluctant to hold talks with him unless the British Government condemns the internal negotiations.

The Foreign Office issued a statement yesterday saying that the Government would not expect any settlement to be acceptable to international opinion unless it was substantially in accord with the Anglo-American proposals.

Bernard Simon adds from Johannesburg: Lord Carver, the British Resident Commissioner-Designate for Rhodesia, said yesterday, he had found support among black leaders in southern Africa for the Anglo-American settlement plan for Rhodesia.

At a Press conference in Pretoria after talks with President Machel of Mozambique last week-end and a meeting with Mr. R. F. Botha, the South African Foreign Minister, this morning, Lord Carver said his visit to the sub-continent was proof that the Anglo-American initiative is "still alive"

Lord Carver said he and President Machel had reached "a wide measure of agreement" on the pre-independence transitional arrangements contained in the Anglo-American proposals.

No statement was issued after Lord Carver's meeting with Mr. Botha, but he said the talks had been "valuable and very interesting." Mr. Botha expressed similar sentiments.

No Natal murder arrest

BY OUR OWN CORRESPONDENT JOHANNESBURG, Jan. 9.

NO ARRESTS have yet been made in connection with the shootings in Durban on Saturday night of Dr. Rick Turner, the banned Natal University lecturer, and Mr. Stephen Mtshali, a former member of the military wing of the African National Congress.

Family and friends of Dr. Turner, who was killed by a single shot fired through the window of his home, are convinced his murder was politically motivated.

Following acts of violence in recent years against liberal churchmen, journalists and academics (of which the acid-soaked T-shirt incident involving Mr. Donald Woods's daughter is a recent example), there is suspicion that extreme right-wing elements may have been responsible for Dr. Turner's murder.

There is also speculation, however, that the killing may have been revenge following Dr. Turner's alleged collaboration with police in a recent terrorism case.

Dr. Turner's five-year banning order was due to expire in March. He was restricted in 1972 following the Schlebusch committee's report on certain organisations, including the Christian Institute of which Dr. Turner was a member.

Mr. Mtshali, who is in a satisfactory condition in a Durban hospital, was shot outside his home an hour before Dr. Turner's murder. It is believed that the bullets fired at Mr. Mtshali came from an automatic weapon of Communist origin. He has given evidence for the state in a number of anti-terrorism trials.

Meanwhile, 18 black men appeared in court to-day in the Eastern Transvaal town of Bethal charged with seeking to overthrow the Government by force and further the aims of the banned Pan-African Congress.

The men are accused, among other things, of recruiting people for military training in Libya, opening recruitment offices in Swaziland, Botswana and Transkei and taking part in guerilla activities.

Bhutto to boycott his trial

By Simon Henderson

ISLAMABAD, Jan 9.

MR. ZULFIKAR Ali Bhutto, Pakistan's former Prime Minister, is boycotting his trial for murder in Lahore.

When the Court reassembled to-day after the winter recess, his counsel told the bench that Mr. Bhutto did not want to have anything more to do with the trial, as he was not getting the justice he expected.

The Acting Chief Justice, Mr. Mushtaq Hussain, refused though to let Mr. Bhutto return to the cells and instead asked his counsel to stay on as the Court's defence.

The counsel said he had no instruction on this matter and so it was decided to leave the question until to-morrow.

When the court reopened, the bench had dismissed another application filed by Mr. Bhutto. Throughout the three months of the trial, Mr. Bhutto has filed complaints on his detention, the jurisdiction of the court and its constitution.

The case refers to a killing three years ago, when the father of a political opponent of Mr. Bhutto died in a machine gun attack on the politician's car. Mr. Bhutto is accused of ordering the attack but has pleaded not guilty.

ON OTHER PAGES

International Company News:
Sun Life Toronto move
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U.S. may change sugar import tax 25

Vietnamese seem to consolidate gains

BY OUR FOREIGN STAFF

THE militarily superior forces of Vietnam appear to have overwhelmed a substantial portion of the Cambodian army fighting along a 150-mile front along the border between the two countries, and may be close to establishing a secure zone in the area, according to reports from Bangkok quoting diplomatic and intelligence sources.

At the same time the Cambodians yesterday seemed to acknowledge that the loyalty of its forces might be posing a problem when Phnom Penh radio described one task of its army as protecting workers from the "traitorous clique" and urged vigilance against "the enemy which tries to sap our force from the inside."

This contradicted a report from Phnom Penh radio earlier in the day which proclaimed the unity of "the Party, people and army." The radio also repeated its claims that Cambodian forces had "basically routed" the enemy and was "mopping up remnants," but these were largely discounted by diplomats outside the area.

Mr. Vo Dong Giang, Vietnam's Deputy Prime Minister, speaking in Manila yesterday, acknowledged the enormous loss of life in the latest round of clashes in this long-standing border dispute. He said there had been no response from the Cambodians to Vietnam's offer of negotiations. The Vietnamese had no intention of conquering Cambodia, he was reported to have said.

Reuter adds from Bangkok: Negotiations to settle border disputes between Thailand and Cambodia are expected soon in Vientiane, Mr. Seth Ilerarat, Thai Ambassador to Laos, said here to-day. Cambodia said in November it was willing to negotiate with Thailand to settle their conflicts in border areas where more than 100 Thais were killed in clashes with Khmer Rouge troops last year.

Richard Nations writes from Bangkok: The anti-Communist military government of Thailand extended a warm welcome here to-day to Mr. Nguyen Duy Trinh, the visiting Vietnamese Foreign Minister. Mr. Trinh's current four-day visit to Thailand rounds off a four nation good-will tour to Malaysia, Indonesia and the Philippines in line with Hanoi's recent diplomatic initiative to consolidate bilateral trade and diplomatic relations with the non-communist ASEAN governments of South-East Asia. Mr. Trinh stopped over in the Laotian capital Vientiane before setting out on his regional tour.

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WORLD TRADE NEWS

U.S. and Japanese in bid to resolve trade dispute

BY CHARLES SMITH

TOKYO, Jan. 9.

U.S. AND JAPANESE officials began three days of bilateral trade talks here to-day as a prelude to the two days of Ministerial talks which will be held after Mr. Robert Strauss, the U.S. Presidential Trade Negotiator, arrives here on Wednesday. The purpose of the talks is to draw up the terms under which the two countries will announce a settlement of their four-months-old trade dispute.

The talks are being led on the American side by Mr. Alan Wolff, Mr. Strauss's deputy, and on the Japanese side by the directors-general of the various bureaux in the Ministries of Foreign Affairs, Trade and Industry, Finance and Agriculture which are most closely concerned with U.S. trade problems.

Mr. Wolff met the director-general of the Foreign Ministry's economic affairs bureau, Mr. Moriyuki Motono, this afternoon. To-morrow and on Wednesday he will have meetings with Mr. Motono's colleagues in other Ministries.

Japan is apparently willing to increase its imports of beef, orange juice and fresh oranges from the U.S. by modest amounts as part of its contribution to the trade settlement. Further tariff cuts in addition to the measures announced in the original package of last December may also form part of this week's settlement.

Although the detailed contents of this week's Japanese "mini package" and of the joint communique to be issued on Friday have yet to be settled, there appears to be no doubt that the two sides will reach agreement. This seems to have been decided at a high level before Mr. Strauss committed himself to making the journey to Tokyo.

The fact that a peace settlement was decided on in advance of the details, underlines the highly political nature of the current U.S.-Japan disputes. The U.S. seems to have decided to end its quarrel with Japan ahead of two events which are due to occur shortly. One is the opening of the final phase of GATT negotiations, to start in Geneva on January 15. The other is the opening of the 1978 legislative session of the U.S. Congress later this month.

Reuter adds: Danish Finance Minister Mr. Knud Heinesen today urged Japanese Prime Minister Mr. Takeo Fukuda to help improve relations between Tokyo and the European Economic Community, Tokyo government sources said.

Mr. Heinesen, on a four-day visit, stressed that relations between Japan and the EEC were as important as links between Tokyo and Washington. Before the meeting, which also covered international economic problems, Mr. Heinesen told Finance Minister Mr. Tatsuo Murayama that he welcomed the 7 per cent economic growth target set by the Tokyo government for the year starting next April. Denmark is EEC chairman for the first six months of this year.

Mr. Heinesen, who arrived here yesterday will also meet External Economic Affairs Minister Mr. Nobuhiko Ushiba for talks expected to centre on Japan-U.S. trade links and their possible effects on the EEC.

Treasury steel imports ruling

BY JUREK MARTIN

WASHINGTON, Jan. 9.

THE UNITED States Treasury ruled to-day that five Japanese steel companies had been dumping carbon steel plate in the American market.

However, it sharply lowered its earlier estimates of the Margin below fair value at which the Japanese products were being sold. Last October, it had tentatively found that this gap was 32 per cent. But to-day's final determination places the range between 5.4 and 18.5 per cent., *depending on the individual* company.

This case, brought against the Japanese by Gilmore Steel, was considered to be something of a landmark case when it was brought, but now has to be seen in a different light, following the introduction of a new system of reference, or trigger, prices intended to discourage dumping of foreign steel.

The whole point of the trigger price mechanism is to render less necessary individual anti-dumping actions of the classical kind. But the Gilmore suit—against Nippon Steel; Nippon Kokan; Sumitomo; Kawasaki and Kobe,—was lodged before the new regime was unveiled and was too far down the legal processes to be stopped.

As a result, the Treasury's ruling will now be passed on to the International Trade Commission, which will have to determine the extent of the injury caused to the U.S. steel industry by unfair foreign competition and which may then order the Treasury to exact duties on the Japanese companies.

A U.S. steel-delegation, including the administration's Special Trade Representative Mr. Robert Strauss, members of the State Department and industry representatives, is due in Brussels this week, the EEC said to-day, Reuter reports from Brussels. The delegation will review with EEC officials the possibilities of co-operation.

The irony of the situation—whereby the old system is being implemented at a time when more store is being placed by its replacement—is not lost on the treasury.

In its official announcement, the Treasury disclosed that the principal reason for the revision downwards of the estimates of the dumping margins was the data provided by the Japanese steel industry last month, in the course of its negotiations with the U.S. leading up to the publication of the import trigger prices, which are based on the Japanese cost of production.

The case in question, brought by Gilmore last spring, covered the six months from October 1, 1976, to March 31 last year. During that period, the Treasury finding was that Nippon Steel sales of carbon plate were at a weighted average of 9.1 per cent. below fair value. The other margins below fair value were Nippon Kokan 7.3 per cent., Sumitomo 18.5 per cent., Kawasaki 5.4 per cent., and Kobe 13.9 per cent.

In calendar 1976, imports of the type of carbon steel plate covered by this case amounted to $174m.

Leyland Benelux to boost sales

BY DAVID BUCHAN

BRUSSELS, Jan. 9.

LEYLAND hopes to raise its share of the Dutch and Belgian car markets to 5 per cent. this year, Mr. Jan de Kleermaeker, head of Leyland Benelux said here to-day. Last year the 43,000 Leyland cars sold in Benelux made it the U.K. company's second biggest export market behind the U.S.

In an interview at the first of the big European motor shows in 1978 here, Mr. de Kleermaeker said Leyland's market share had slipped to 4.4 per cent. in the Netherlands and 3.6 per cent. last year in Belgium, because of delivery problems. Benelux customers were still awaiting delivery of some 1,000 Rover 3.5 litre cars, 800 Mini specials, and nearly 900 Jaguars.

This backlog to the Benelux market, he said, was partly deliberate. Leyland International had decided to concentrate deliveries last year to France, *Germany and Italy in order to* regain a market foothold there. But Mr. de Kleermaeker said that he had been assured that his area would get priority in 1978.

While maintaining that the details of the reorganisation of Leyland being carried out by the new chairman, Mr. Michael Edwards did not concern him, provided he got his car supplies, Mr. de Kleermaeker strongly advocated decentralising the company to give foreign sales directors more autonomy.

The Seneffe plant is being expanded, with B.Frs.400m. *(£6.3m.) spent last year and an* equal amount to be invested in 1978 and 1979. The original aim has been to allow Seneffe to take over all Allegro assembly, leaving Leyland pants in the U.K. to produce the new Mini model.

U.K. in Sudanese farm project

BY JAMES BUXTON

A SUBSIDIARY of Dalgety, the British-based international food and agriculture company, has won a contract to manage an agricultural project in Sudan which will eventually cover more than 600,000 acres.

The scheme, which will include both ranching and arable farming in rainfed areas, is the first of its kind to go ahead in Sudan and represents a major private Arab investment in the country's agricultural potential.

Dalgety Agricultural Development International, which made a feasibility study of the project, has won the contract to manage the two-and-a-half year first phase which is expected to cost $8m. During this period 34,000 acres of land are to be developed of which 6,000 will be cropped and 28,000 used for ranching.

Over the first seven years the net investment cost of the project is expected to be nearly $50m. By that time it is expected to produce 41,000 tons a year of sorghum, 34,000 tons of sesame and 15,000 tons of seed cotton.

Some 621,000 acres of sparsely populated but fertile land near Damazin, about 300 miles south of Khartoum, have been leased by the Sudan Government to the Damazin Agricultural and Animal Production Company.

The company's biggest shareholder is Prince Mohammed bin Faisal, son of the late King Faisal of Saudi Arabia. Other *shareholders include two* prominent Sudanese businessmen, al Saad abu Leila and Fath Rahman Beshir, and the Blue Nile Province Government.

Callaghan compiles Indian shopping list

By Richard Evans, Lobby Editor

NEW DELHI, Jan. 9.

THE PRIME Minister, Mr. James Callaghan, will return to Britain at the end of the week with a lengthy "shopping list" of manufactured goods that the Indians are interested in buying, following efforts during his tour to cut the U.K.'s trade deficit.

At present Britain has a substantial trade gap of around £100m. a year with India, and one of the most important tasks of Mr. Callaghan's tour has been to persuade the Indian government and businessmen to place substantial orders for British goods.

He was given the list following talks here with Mr. Morarji Desai, *the Indian Premier*, and other Ministers, and he will draw attention of the departments of Trade and Industry on his return to London.

The ministries will then contact manufacturers' associations *and leading industrial companies* who could provide the goods and advise them of the market potential.

A major hope of the British party is that the Indians will choose the Jaguar strike fighter in preference to the French Mirage in a contract worth up to £260m.

Mr. Desai said that tenders would be requested from both countries and a licensing agreement would be a necessary part of the contract, so that India could manufacture its own aircraft on a progressive scale.

The full list covers: Power generation equipment, cement plant components, buses, caterpillar machinery, fire engine chassis, fishing trawlers, machine tools, specialised testing equipment, alternators, refrigerated vans, safety equipment for off-shore drilling, transformers, and cold storage plant.

Concorde concession, page 6

Export credit talks resume

By David Curry

PARIS, Jan. 9.

REPRESENTATIVES from 20 countries meet in Paris tomorrow to renew the attempt to extend the "gentlemen's agreement" or international concensus on the framework for the official support of export credits.

The main discussion at this week's meeting will be whether to let the existing terms continue or whether to embark upon a stiffening of the conditions as desired, notably, by the Americans.

The main uncertainty is how determined the U.S. is to amend the conditions, particularly by allowing for longer maturities at more commercial rates of interest.

Babcock £15m. Mexico deal

BABCOCK AND WILCOX, through its subsidiary Babcock and Wilcox de Mexico, have been awarded contracts by Petroleos Mexicanos for 11 boilers each fired by oil and gas, worth about £15m.

This order will provide a steady factory load in the Mexican company's manufacturing plants until the last quarter of 1979.

£12m. dam deal

The Glasgow-based drilling and explosives company, Rock Fall Co., and two other Bos Kalis Westminster Group companies have secured a £12m. share of a contract to build a dam near Nairobi in East Africa.

Costing in total about £37m., the dam will take three and a half years to complete.

Credit for Hungary

The Export Credits Guarantee Department has guaranteed a £5m. line of credit which Morgan Grenfell *acting on behalf of itself* and a syndicate of London and Scottish clearing banks has made available to National Bank of Hungary.

LATIN AMERICAN INVESTMENT

Brazil's pulp gamble goes sour

BY SUE BRANFORD IN SAO PAULO

AT THE END of last year, Brazil's pulp and paper manufacturers called on the government to urgently undertake a national campaign to increase domestic paper consumption. Greatly concerned about the continuing slump on the world market, they considered this the only way in which they could get rid of their excessively heavy inventories.

For the industry is suffering the consequences of the optimistic export targets drawn up in 1974 under the national paper and pulp programme. At that time, it was generally assumed that the pulp shortage would continue, making marketing relatively easy. Export goals of 2m. tonnes in 1980 and 5m. tonnes in 1985 were set up.

However, things have turned out very differently. Far from the export target of 437,000 tonnes established in the plan, Brazil only sold abroad 73,000 tonnes of pulp in 1977. This was 48 per cent. down on the 138,000 tonnes exported in 1976, which was regarded as a disappointing result then. The exports mainly consisted of unbleached short fibre pulp.

At present, Brazil has an installed pulp capacity of 2,008,000 tonnes, of which over two-thirds is for short fibre pulp. According to a survey carried out by the Brazilian Paper Industry Association, under existing plans this capacity should increase to 3.5m. tonnes by 1980.

In a recently-updated study, the National Economic Development Bank arrived at the slightly lower figure of 3.2m. tonnes. Domestic pulp consumption, which is currently at around 1.2m. tonnes, is growing steadily, at around 7 per cent. per annum. None the less, these studies suggest that there will be a potential export surplus of 1.5m. to 1.7m. tonnes by 1980.

By 1980, four big pulp mills will dominate the sector. The largest *of all is Aracruz*, which will come on stream in mid-1978 with a capacity of 400,000 tonnes. The whole project is budgeted at $550m. International Paper, which was to be building a fine paper factory to be integrated with the pulp mill, and to have a 20 per cent. stake in the pulp mill itself, pulled out of the whole project at the eleventh hour.

Despite the difficulties, most manufacturers here are confident that, in the long term, Brazil will become an important pulp supplier, for the country's natural advantages are considerable. Its eucalyptus trees, which provide short fibre pulp, can be harvested in just seven years, whereas long-fibre pine may take a hundred years to mature in Scandinavia. Moreover, once cut, eucalyptus sprouts again, allowing three harvests before replanting is necessary.

Brazilian industry sources estimate that the cost of wood in a tonne of long fibre pulp is about $78 in the southern U.S. and about $186 in Scandinavia, whereas wood for a tonne of Brazilian short fibre pulp costs only about $46.

European papermakers, however, prefer long fibre pulp, especially when compared with birch and aspen pulps, which are their usual sources of short fibres. In reply, Brazilians claim that *this predilection is based* on tradition, rather than on objective facts. Fernando de Souza Camargo, marketing director of Klabin do Parana, Brazil's largest integrated pulp and paper operation, says: "Eucalyptus *pulp is different but not inferior.* For some uses it is better than long fibre pulp."

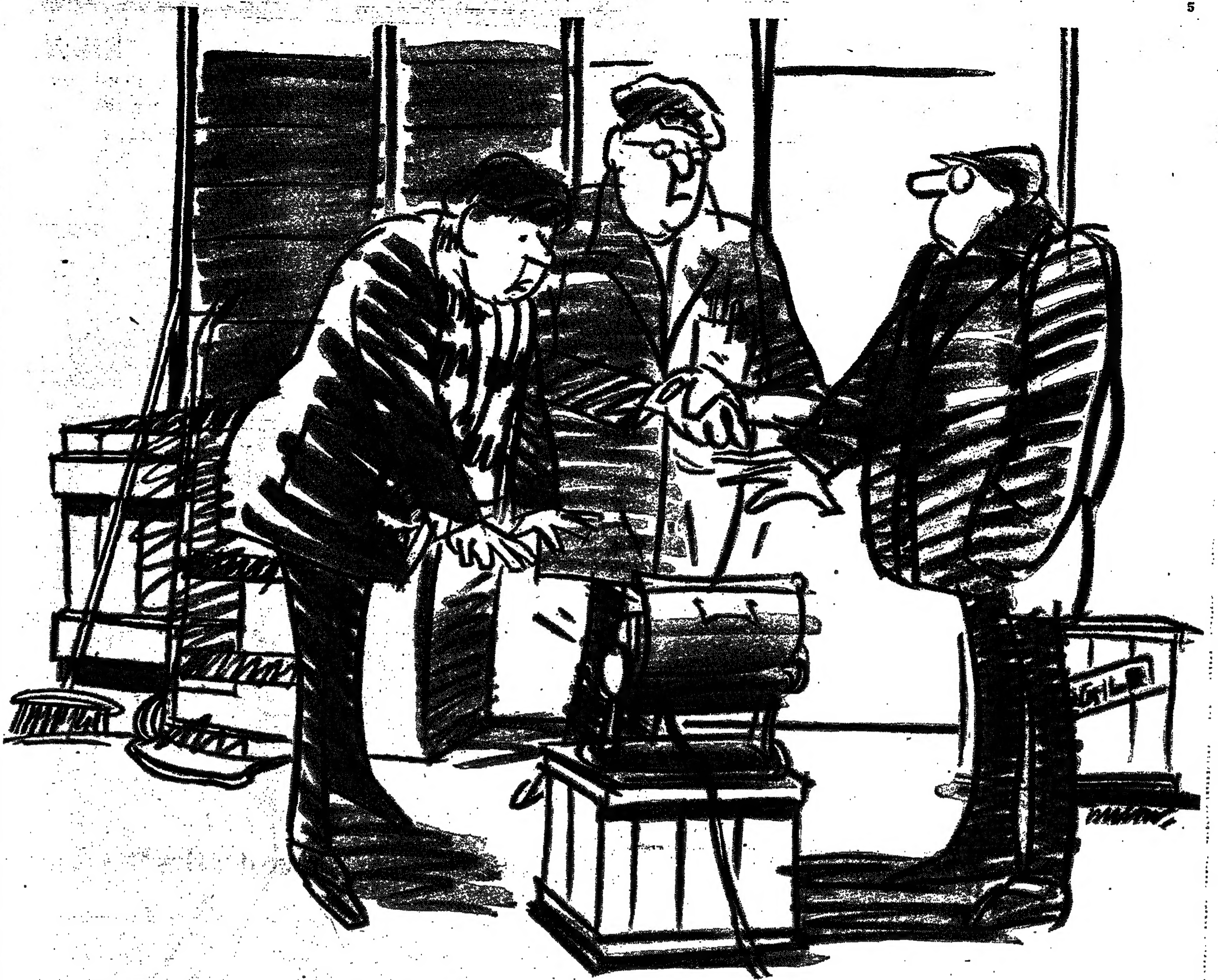
He claims that it makes better quality printing and writing paper because it bleaches whiter and is more opaque. However, *he agrees that paper made* from long fibre pulp is stronger and therefore better in uses such as newsprint where greater strength means that the printing presses can run faster.

Until recently, Brazil's pulp-makers believed that all they had to do was spread the word and then rely on their price advantage to bowl their way onto the market and this may well be true in the long term. Observers *here foresee little growth* in the high cost/low profit Canadian mills and they also say that the Scandinavians do not have room to grow more pulp timber and are gradually integrating their projects with the objective of *selling paper* rather than the pulp. Eventually, they argue, the Europeans will be forced to turn to new supplies.

However, in the shorter term, prospects are not rosy for Brazil's manufacturers. Pulp *production has more than* doubled since 1970, reaching 1,470,000 tonnes last year, but this was only 73 per cent. of full productive capacity. Although timber itself is cheap in Brazil, the capital costs of plant are considerably higher than in Europe or the United States.

Thus profit prospects only become attractive after the start-up costs have been absorbed. Until the quality of Brazilian pulp becomes known on the market, which will probably only occur in a situation of scarcity, the new pulp mills will face serious problems of heavy inventories and excessive capacity.

The Financial Times, published daily except Sundays and holidays. U.S. subscription $179.00 (air freight) $11[illegible] (air mail) per annum. Second class postage paid at New York, N.Y.



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Oil companies urged to support U.K. yards

BY RAY DAFTER, ENERGY CORRESPONDENT

OFFSHORE OIL operators, expected to invest more than £250m. on emergency support vessels over the next five years, will be urged to-day to give British Shipbuilders a large slice of the business.

Dr. Dickson Mabon, Minister of State for Energy, will meet oil companies in Aberdeen to discuss plans for fire-fighting and emergency services in the North Sea in the light of last year's Ekofisk Field blow-out. He is expected to take the opportunity to underline the industry's policy of giving U.K. equipment suppliers a "fair and full" opportunity to compete for orders.

It is known that three large semi-submersible vessels—each costing between £20m. and £30m.—are likely to be ordered soon. British Petroleum is looking for one for its Forties Field; the Shell/Esso group is expected to order one for the Brent Field; and the Occidental group probably will buy one to patrol its Piper and Claymore complex. Within the Government, iti s hoped at least one of these contracts will be placed with British Shipbuilders.

In view of the time scale involved—it is thought that the vessels will be needed within 18 months to two years—much of the work probably will be contracted abroad. However, Dr. Mabon is expected to emphasise that the Government expects the ships to be registered in the U.K. and manned by a British crew.

Industry forecasts suggest that 10 support vessels will be needed for the U.K. sector of the North Sea by 1983. So far, the only vessel of its kind operated in the North Sea has been acquired by Phillips Petroleum for its Norwegian Ekofisk Field.

It is envisaged that the vessels will be used for a variety of maintenance and emergency services. The Phillips vessel can be used as a fire-fighting ship, an hotel and a diving support unit, for example.

A number of offshore companies are considering sharing one or more support vessels although Dr. Mabon is expected to emphasise to-day that the Government will want to be assured that such an arrangement will not lessen emergency cover.

The meeting has been called primarily to assess progress by U.K. industry in the provision of emergency facilities since the well blow-out on the Ekofisk field. A review of emergency fire-fighting ships has shown that existing installations are covered adequately and that assistance should reach a field operator in less than an hour.

● Dr. Mabon will lead a team of industrialists to Caracas on Friday in a bid to capture for the U.K. oil supply industry a sizeable share of the growing Venezuelan offshore market.

The party will include Mr. Gavin Laird, a member of the Amalgamated Union of Engineering Workers and a part-time director of British National Oil Corporation, and representatives of nationalised energy industries, the Department of Energy's offshore supplies office, Taylor-Woodrow Construction, CJB-Offshore, Sir Robert McAlpine, KCA International, Matthew Hall, Davy International, George Wimpey and General Electric Company.

Fewer employees in public sector

BY DAVID CHURCHILL

THE GROWTH in the number of public sector employees in the first half of the 1970s has been reversed, according to an article in to-day's issue of Economic Trends, published by the Central Statistical Office.

The article reports that private sector share of the total employed labour force fell from 72.9 per cent. in June 1971 to 70.5 per cent. in June 1976. The article suggests that "early indications are that the numbers employed by central government, local authorities and public corporations were all reduced between June 1976 and June 1977, and that during that period the private sector's share of total employment increased."

The total labour force in June 1976 was recorded by the Statistical Office as 24.75m., with nearly 17.5m. employed in the private sector. The remaining 7.25m. were employed by central government (2.25m.), local authorities (3m.) and public corporations (2m.).

In June 1976, well over half of all civilian employees of central government were in the National Health Service and employees in education services accounted for more than half of all employment by local authorities.

Between 1971 and 1976 the article reports that the total employed in private sector manufacturing industries fell by 0.75m.

Economic Trends also include an article comparing average levels of taxation in various countries between 1969 and 1975. In 1975, the latest year for which comparable figures are available, taxes and social security contributions in total in the U.K. were equivalent to just more than 40 per cent. of gross national product. This put the U.K. in about middle position among the 19 countries.

Call for relief on double taxation

Financial Times Reporter

A PROPORTION of the advance corporation tax paid by companies which derive a large part of their income from abroad should be allowable for double taxation relief, the British Insurance Association recommends in its seasonal submission to the Chancellor.

Among the association's other recommendations are hardy annuals such as the pleas for capital allowances on commercial buildings—which, the association says, contribute like industrial buildings to the prosperity of the nation; for allowances against tax of losses arising from parity changes—as a trading expense for trading companies, and a management expense or capital gains tax loss in other cases; and for an end to all Government restrictions on dividend increases.

In addition, the association urges that the value of the shares acquired by the Government, in a company subject to nationalisation, should be defined for taxation purposes.

It suggests their value should be defined as the value of the Government stock for which those shares are to be exchanged, on the first day of dealings.

Rating law

With the proposed changes on the introduction of inflation accounting in mind, the association has urged that a deduction against tax should be allowed for any increase in the monetary amount of the statutory margin by which insurance companies' assets must exceed their liabilities.

The submission also covers one or two more parochial matters: a plea that scientific research asosciations, like charities, should be exempt from the National Insurance surcharge; a recommendation that rating law should be changed so as not to penalise the installation of fire defence systems by increasing the rateable value of the premises in which they have been placed; and a plea, on similar arguments, that fire defence equipment and intruder alarms at the least should be subject only to the ordinary rate of VAT, rather than the higher rate—as at present, even if they cannot be zero rated.

Charter flights to Israel start

CHARTER FLIGHTS to Israel start next year. Mr. Meir Amit, Israeli Transport Minister, gave this undertaking after talks in Israel with Mr. Stanley Clinton Davis, Britain's Under-Secretary of State for Transport.

The two also discussed El Al's request for landing rights in Hong Kong, extra transatlantic flights via London, and landing rights for Israeli cargo charter flights to England.

Badminton sponsorship

FRIEND'S PROVIDENT is to sponsor the European Badminton Championships, which are being held at Preston, Lancashire, from April 9-15. The £15,000 backing will form part of a £45,000 three-year deal announced by Friends' Provident yesterday.

The Inter-County Championships and the English National Under-21 Championships will also benefit from the deal drawn up with the Badminton Association of England.

Mr. E. W. Phillips, chairman of Friends' Provident, explained that the family element of badminton had been attractive as the company was concerned with providing financial protection for families.

Aberdeen office

CJB-EARL AND WRIGHT, consulting engineers to the offshore industry, have opened an Aberdeen office at Salvesen Tower, Blaikies Quay, Aberdeen.

State industry heads take pay protest to Callaghan

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

REPRESENTATIVES of the chairmen of nationalised industries are to meet the Prime Minister soon to protest that the pay rises they received last week were limited to about £1,500 a year, adding only 5 per cent. to their salaries.

Lower-paid nationalised industry Board members earning £13,000 a year or less have received up to 10 per cent. But they also want to lodge a protest with the Government. They have asked for a meeting with Lord Peart, the Lord Privy Seal, in his capacity as Minister responsible for the Civil Service.

The reason both groups are dissatisfied is that, until last week, they had not had a substantial pay rise since 1972. They are still awaiting implementation of rises ranging up to £16,900 a year—which would have put the top-paid chairman on £40,000—recommended in 1974 by the Boyle Review Body on Top Salaries.

The chairmen's protest was decided at a meeting yesterday of the nationalised industries' chairmen's group and their deputation will be led by Sir Denis Rooke, chairman of British Gas.

Lord Boyle, chairman of the Review Body, is also understood to be angry about the developments but is taking no action until he sees how the Government handles his next report, to be produced in the spring.

Since the last Boyle Report appearance in 1974, the chairman and Board members have found it impossible, during a period of successive incomes policies, to persuade the Government to authorise the rises.

SIR DENIS ROOKE ... to lead deputation.

Under the 12-month rule for the spacing of pay deals, the nationalised industry chairmen and Board members may have to wait until next January before they can receive the rises that will be recommended in the Boyle Report in the spring. Such a delay would cancel the advantage they have gained by receiving rises from last week.

Parliament, Page 10

Callaghan may win overflight rights for Concorde

BY RICHARD EVANS, LOBBY EDITOR

THE INDIAN Government is to consider allowing Concorde to fly over India on its way to Singapore for an experimental period after a request from Mr. Callaghan during talks yesterday with Mr. Morarji Desai, the Indian Premier.

The issue was raised by the Prime Minister following the opposition of the Indian authorities to permit Concorde over-flying rights. Mr. Desai has agreed to consider the request.

On Concorde, the key provision in an agreement would be a pledge from British Airways, with the backing of the Government, to pay compensation to anyone who could prove damage resulting from the sonic boom.

The British are hoping on a trial period of about six months and that the deadlock over Concorde's route to Singapore and ultimately to Australia would be broken if the experiment proved a success.

Mr. Callaghan is understood to have told Mr. Desai that fierce opposition to Concorde landing in New York virtually ceased when it was discovered that the environmental blight was not as bad as feared.

An overland route to Singapore would mean that Concorde could carry more passengers and a shorter journey. At present Concorde has to be re-routed round the southern-most tip of India.

● Indian has indicated that it might be prepared to allow full international inspection of all its nuclear installations in spite of its refusal to sign the Non-proliferation Treaty, writes Richard Evans.

During his talks with Mr. Morarji Desai, the Indian Premier, Mr. Callaghan gained the impression that India would be prepared to accept the so-called full-scale safeguards on its nuclear plants.

Following the apparent failure of President Carter to make an impression on Mr. Desai, a public move in the Indian position could be a boost for Mr. Callaghan's diplomatic skills.

Grand Met boosts soft drinks stake

BY KENNETH GOODING

GRAND METROPOLITAN group has substantially increased its soft drinks interests by taking control of Cantrell and Cochrane (GB), which makes the Club brand.

GM's brewing subsidiary, Watney Mann and Truman, has paid £2.25m. for the 38 per cent. shareholding previously owned by Cadbury Schweppes. Together with GM's existing stake it takes its shareholding to 67.5 per cent.

The deal is in line with GM's determination not to have minority interests in companies. It acquired the C and C stake along with Watney in 1970 and has on various occasions since attempted to interest Cadbury Schweppes in a different arrangement.

The other shareholders in C and C are Imperial Group, through its Courage brewing subsidiary, with 27.5 per cent., and another brewer, Greene King, with 5 per cent. Both say they intend to "continue their active participation" in C and C.

At the same time GM has signed a four-year trading agreement with Schweppes giving it some degree of preference alongside the C and C drinks at its 10,000 retail outlets.

C and C has an estimated 11 to 12 per cent. of the market for "mixer" drinks in pubs and other outlets which sell drinks over the bar counter. It is a highly-competitive market with Schweppes having around 52 per cent., Canada Dry, the Bass Charrington subsidiary, 17 per cent., and Allied Breweries' Britvic 11 to 12 per cent., according to unofficial estimates.

Through Watney, GM also owns Coca-Cola (Southern) Bottlers, which has the Coke franchise for South-East England.

C and C was formed in 1969, when Whitbread was also involved. In 1975 its future was threatened by severe cash-flow problems and the shareholders instituted a reappraisal programme.

The existing directors left, and two of the five factories and five of the 22 depots were closed. There were about 400 redundancies, leaving the number of employees at 1,087.

The slimmed-down group made peak taxable profits in 1976 of £1.3m. on a £14m. turnover. Last year, like the rest of the soft drinks industry, it was hit by the poor summer weather and profits were roughly £500,000.

Ministers aid probe on cutlery imports

BY LYNTON McLAIN, INDUSTRIAL STAFF

THE Government is to consider interim measures to help Britain's ailing cutlery industry while a one-year survey is completed. This was disclosed yesterday after a joint industry-union meeting with Ministers at the Department of Trade, called to discuss the growing threat from low-cost imports.

These now account for over three-quarters of the British market in stainless steel cutlery. This has led to calls for global quotas to limit imports and in the case of nickel silver blanks for cutlery, a total ban.

Both solutions were rejected at yesterday's meeting, chaired by Mr. Michael Meacher, Under-Secretary of State for Trade, and Mr. Robert Cryer, Under-Secretary at the Department of Industry.

Instead the Ministers agreed to provide half the capital needed for a survey of the industry. This is to be carried out by the Cutlery and Allied Trades Research Association.

Earlier the Department of Trade had said the industry should aim to get voluntary restraint on imports, a reference to the 25 to 30 per cent. of imports accounted for by British manufacturing companies.

GLC sale of homes 'will hurt needy'

THE decision by the Greater London Council to offer 70,000 council homes for sale to its tenants is attacked to-day by the Labour Research Department.

In the latest issue of Labour Research, the action of the Conservative-controlled council is criticised because it is claimed it will deprive people in desperate need of accommodation.

The article points out that every year between two and five per cent. of council homes become vacant through natural causes and are therefore available for re-letting to those in real need. But if they are sold to former tenants the pool of homes for letting falls and the waiting list of applications grows.

It continues: "As well as being detrimental for those who need a house, the sale of council houses fails to benefit the ratepayer in the fashion the Tories suggest. The financial arguments used to justify such sales are far from sound.

"For example, there is no financial advantage to be gained if a house once sold has to be replaced at current building costs. And even if it is not replaced, the long-term results are not necessarily favourable to the local authority concerned and thus the ratepayer.

"The rents from older houses built at what now seems to be a small cost are often making a surplus over their cost in loan charges and maintenance."

Labour Research Department also argues that if the houses are sold the taxpayer pays the bill in the form of tax relief on mortgages. Tax relief "cost" the Government £1.24bn. in 1976-77, almost as much as total subsidies to council dwellings.

According to the article, the GLC move "is only a foretaste of what is promised" if there is a Conservative Government.

"They intend to give every council tenant the right to buy their homes, but they do not propose to give the tenants of private landlords the right to buy their homes, presumably because private property is sacred. But when it comes to public property they embark on short-sighted asset stripping."

Navy may move from Crimond

By Lynton McLain, Industrial Staff

THE ROYAL NAVY is considering a new site for its £8m. communications base at Crimond, Aberdeen.

The base was forced to operate on reduced power, and yesterday's official opening was delayed after concern that the transmissions pose a safety hazard to a nearby British Gas installation.

A team from the Health and Safety Executive is expected to report on possible dangers by the end of this month.

The Ministry of Defence said it would need contingency plans in the event of the report going against operations at Crimond.

It was chosen as an ideal site for communication with Royal Navy ships in the North Atlantic and the North Sea. British Gas also favoured Crimond for its North Sea gas terminal, but subsequently moved three miles down the coast to St. Fergus.

But even there the electromagnetic transmissions from the Royal Navy base may cause sparks from metal and may affect gas control and monitoring instruments.

Top Scottish job goes to Fraser

By David Churchill

SCOTLAND'S top Civil Service job was given yesterday to Mr. William Kerr Fraser, who is at present responsible for co-ordinating Scottish devolution arrangements.

Mr. Fraser, a deputy secretary at the Scottish Office, will take over from Sir Nicholas Morrison who retires as Permanent Under Secretary of State to the Scottish Office at the end of March.

Mr. Fraser, 49, will become the youngest ever Permanent Secretary to the Scottish Office and the youngest holding such a senior position in the Civil Service.

He is said to be a dynamic worker, able to grasp the detail and practical policies necessary to mastermind the Scottish devolution proposals.

Mr. Fraser is a lawyer. After holding a short service commission with the RAF, he entered the Scottish Office in 1955.

His appointment as head of the powerful Scottish Office comes shortly after the new Head of the Civil Service, Sir Ian Bancroft, took over his new job at the beginning of the year.

£1m. more aid for Strathearn

A FURTHER £1m. aid for Strathearn Audio Hi-Fi in Belfast has been approved by the Government. Nearly £8.5m. in assistance has been paid to the State-sponsored company since it was set up in 1974.

The Northern Ireland Department of Commerce has accepted a plan to scale down the company's operations because of continuing losses.

Lord Chancellor to study ruling in race trial

BY RUPERT CORNWELL, LOBBY STAFF

LORD ELWYN-JONES the Lord Chancellor, may decide to reprimand Mr. Justice McKinnon after studying the transcript of his summing-up before Mr. John Kingsley Read, former chairman of the National Front, was acquitted on race hatred charges.

Last night the Lord Chancellor's office was waiting for the full text, which has also been requested by Mr. Sam Silkin, the Attorney-General, as the political storm over the judge deepened at Westminster.

The risk of a direct confrontation between politicians and the judiciary intensified as Labour's influential home policy committee, whose chairman is Mr. Anthony Wedgwood Benn, the Energy Secretary, unanimously demanded the dismissal of Mr. Justice McKinnon.

The resolution described his summing up and subsequent comments as "an affront to human rights, a danger to race relations, a contempt of the law, and render him unfit to hold office as one of Her Majesty's judges."

A deputation of Labour MPs is due to meet the Lord Chancellor to-night to press for the sacking of the 68-year-old Australian-born judge. A Commons backbench motion to that effect circulating yesterday has already attracted more than 80 signatures.

The row built-up since the judge's remarks last week that the use of the words "niggers, wogs and coons" by Mr. Read were not in themselves harmful and illegal under the provisions of the Race Relations Act.

Yesterday Mr. John Grant, Under-Secretary at the Department of Employment, implicitly accused the judge of "insensitivity and stupidity," and said that anyone in such a position of influence needed to choose his words with care.

Earlier there were scenes at the Old Bailey where Mr. Justice McKinnon was hearing an entirely different case yesterday morning. Mr. Paul Holborow, secretary of the Anti-Nazi League, was ejected from the public gallery shouting that the summing-up was "disgraceful and outrageous."

The judge told the jury of his regret at being embroiled in what he described as a "dreadful controversy," commenting that it was unfortunate if some people objected to the way in which he did his job.

The Lord Chancellor will not make up his mind on what—if any—further action to take until the middle of this week. Apparently the summing-up contained no disputed point of law which could form the basis of an appeal against Mr. Read's acquittal.

Interviewed in Delhi by the BBC, Mr. Callaghan insisted that Parliament and the British people were determined that racial discrimination would not succeed. Although he refused to comment on the McKinnon incident, he said that the "weight of official and legislative opinion will continue to be thrown against discrimination

Coal costs 'the key to future of steel'

FINANCIAL TIMES REPORTER

THE FUTURE of bulk steel-making "stands or falls with the competitiveness of our coal industry." Sir Charles Villiers, the chairman of the British Steel Corporation, said yesterday.

Sir Charles said that steel faced sharp competition from countries with indigenous coal reserves, from countries which used their imported energy ultra-efficiently, and from countries with low-priced gas reserves.

"Our costs, in the home and export markets, must match theirs. What I am concerned about is the enthusiasm with which we are sometimes told that high energy prices are 'good for you.'

"There are two ways of adjusting to this: Either less energy intensive techniques, or no growth at all.

"The first problem is getting the sustained economic growth—only then do we have an energy problem," he said at a Coal Industry Society lunch.

The steel industry, which takes about 9 per cent. of all energy consumed in the U.K., is the National Coal Board's biggest customer, taking around 15 per cent. of its output.

Most of the energy is consumed at the "heavy" end of steelmaking, down to and including the blast furnace.

"Recovery ultimately depends on the prudence or vigour of decision makers, when contemplating their prospective cash flow.

"They need a sharp shot in the arm, not of anaesthetic in the form of heavy, stunning energy price rises, but of adrenalin, leaving industry with a real new urge and edge," Sir Charles said.

● The Welsh Nationalist party, Plaid Cymru yesterday called for an inquiry into claims that BSC operated a cover-up policy, which included banning Plaid MPs from visiting Welsh steel plants.

The three Nationalist MPs had twice asked to visit BSC works, first in October 1974, to see Cardiff's East Moors works and then in early 1975, to see Ebbw Vale. The MPs had been invited by the works council who were worried about employment prospects.

Mr. Dafydd Williams, the party's general secretary, said that the visits were requested to enable the MPs to assess the likelihood of future redundancies.

BSC said it could not comment on the allegations. BSC policy is to arrange works visits when possible, for educational reasons. Visits for "political" purposes are not permitted.

There is considerable back bench feeling over what is thought to be the secrecy surrounding the Corporation's affairs.

A report on Nationalised Industries to-morrow from the all-party sub-committee of the Commons Select Committee will call for the publication of letters between Mr. Eric Varley, Industry Secretary, and Sir Charles.

● The Speaker is to rule to-day on claims that week-end Press reports of the Commons committee report on its inquiry into the steel industry could have been a breach of Parliamentary privilege.

Mr. John Ellis, Labour MP for Brigg and Scunthorpe complained that MPs had been telephoned and badgered by journalists, asked to comment on what could only be part of the committee report.

● Clarification of the European Economic Community Iron and Steel import regulations, which came into force on January 1, was secured by a deputation from the International Steel Trade Association during a week-end visit to Brussels.

The association said yesterday that it had been told by the Commission that Customs authorities had no power to impose duties or levies other than the usual ones on steel products.

Moreover, import licences were to be granted automatically within five working days, and Customs authorities could not prevent imports if a licence had been granted.

Motor dealers increase sales growth and profits

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

THE PERFORMANCE of U.K. car dealers improved significantly in the year ending April 1977, says the latest report from ICC Business Ratios.

Sales growth and profitability increased, and there were strong indications of new cost savings, with turnover per employee going up by 50 per cent. The average return on capital also increased, from 5.8 per cent. in the previous year to 10.4 per cent.

Although these improvements affected all car dealers, distributors of foreign cars performed much better than British companies.

Since 1975, when foreign sales began to take off in Britain, importers have improved profit per employee from £700 a year — the present figure for U.K. dealers — to £[illegible], according to ICC.

Sales per employee have gone up to about £12,500 for importers, compared with £[illegible] in British concerns. Average margins were about 2.3 per cent. last year, compared with [illegible] cent. in 1975-76.

The Business Ratio report on car dealers is published by ICC, 81, City Road, London EC1.

British mirrors ordered for Chrysler model

BY LYNTON McLAIN, INDUSTRIAL STAFF

MIRRORS valued at £6m. are to be exported by Magnatex, the Hounslow vehicle component manufacturer, for Chrysler's new Horizon car, on sale in France from January 20.

The Magnatex mirrors are internally adjustable and the company says it is the first time mirrors of this type have been supplied as original equipment on a low-priced car.

The mirrors are adjusted in both vertical and horizontal planes by a pair of controlling knobs inside the door. The mirror retains the spring-loaded feature of more conventional designs.

The British mirrors will be exported to French Chrysler factories. Production of the Horizon is also scheduled for Spain and the United States. Chrysler has denied reports that there are plans to produce the new car in Britain, where it will be from October 20, 1978.

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Sainsbury cuts costs . . . but Price Commission inquiries clear three other increases

Heavy artillery barrage in discount war

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THE DISCOUNT strategy unveiled yesterday by J. Sainsbury marks another major offensive in the price war which has been rumbling on between supermarkets for the past two years.

Although the cuts themselves are not unprecedented, they mark a radical change in policy for a company which, until now, has tended to fight the price war in the manner of an under-cover agent.

Until Tesco slashed its prices last summer, Sainsbury was always one of the cheapest national supermarket groups. But it did not boast about it in the same way as its competitors and the message that got through to the housewife tended to be quality rather than price.

The move is likely to trigger retaliatory action from almost all the other major supermarket groups and could well increase pressure on gross margins throughout the trade.

Defensive

Already yesterday afternoon, there were signs that Tesco, which since dropping stamps in July has held the initiative in the price war, was going to respond with price cuts of its own. For the moment, however, Sainsbury seems prepared to meet Tesco on its own ground and match its price cuts all along the line.

Sainsbury's move will undoubtedly be seen primarily as a defensive ploy aimed at winning back sales from Tesco. To some extent this must be true. Though Sainsbury's share of the overall grocery market, as monitored by the Department of Trade, is running ahead of last year despite Tesco's new discount policy, it has lost sales of the all-important basic grocery lines.

Rough figures from Audits of Great Britain, for example, show Tesco has overtaken Sainsbury as the biggest seller of these basic lines. Just before Tesco dropped stamps and slashed its prices, Sainsbury's share of this market was running around 9 per cent. and Tesco's at near 9 per cent., but in the last few months Tesco has taken well over 11 per cent. of the sales and Sainsbury around 8 per cent.

Sainsbury was able to maintain its growth—and exceed its forecast—by increasing its sales of other lines like fresh foods but these basic lines tend to act as the magnet for shoppers and no supermarket group likes to see its customers buying them elsewhere.

More fundamentally, the Sainsbury move proves how radically conditions have changed in the grocery market over the last three years.

With overall demand for food still running well below its peak, the only way for supermarkets to achieve real growth has been to take sales away from their competitors. The weapon almost all have chosen has been price.

John Sainsbury, chairman of J. Sainsbury.

Until two years ago, discounting was largely a Northern phenomena in the grocery market. Groups like Asda and Kwik Save were making big inroads in the North with their cut-price, no-frills approach, but a number of the national supermarket groups began to experiment with their own discount stores.

The first major shot in the current price war fired in May 1976 when the Unilever subsidiary, Mac Markets, and the Fitch Lovell chain, Key Markets, launched their version on the discount theme. (The new Sainsbury package is similar to Key Markets' strategy which is perhaps not surprising as the company's marketing director came from Key Markets.)

Meanwhile, Tesco was quietly experimenting in discounting minus Green Shield stamps and chains such as Fine Fare launched discount subsidiaries. Sainsbury, too, started experimenting—very discreetly—in discounting in a few selected stores.

In June, Tesco brought out the heavy artillery. By dropping trading stamps and accepting a lower net margin, Tesco was able to cut prices across the board by about 5 per cent. Its sales shot up despite its competitors' efforts to fight back.

Sainsbury was walking wounded during the first weeks of the Tesco campaign, thanks to a strike in its depots. Though it stepped up its advertising and fought the odd skirmish on things like coffee, it was unable to go ahead with plans then to launch its new discount policy.

Sainsbury, like the rest of the trade, had known in the spring that there was a strong possibility that Tesco would drop stamps and was all ready in May to launch its discount policy. The strike made this impossible. It did, however, reduce prices by around 1 per cent.

This still meant that Tesco, which until July had tended to be considerably more expensive than Sainsbury, was undercutting Sainsbury prices by about 2 per cent. Now, however, Sainsbury says it will reverse the positions and undercut Tesco's prices.

Profit margins

Sainsbury, which has always tended to trade on lower net profit margins than most of its competitors, is now trimming its gross margins by about 2 per cent. across the board. To pay for this it will need to increase its sales by about 10 per cent.

In one sense Sainsbury had no alternative: its whole structure is geared to growth, and price cuts to-day are the way to achieve that.

Sainsbury will obviously take care to preserve its reputation for quality, but will also seek an aggressive reputation on price. Mr. Peter Davis, the company's marketing director, said: "Sainsbury has been hiding its light under a bushel for too long. The time has now come to ensure that everybody sees the light."

All of this may be very nice for housewives but it will be distinctly painful for some of the other supermarket groups whose margins are already suffering from the Tesco initiative and who can ill-afford to reduce prices further.

BY DAVID CHURCHILL

THE PRICE COMMISSION yesterday published the first three reports on investigations carried out under its new powers. The reports cover the electricity supply industry's fuel cost adjustment, Barclays Bank's transmission charges to thre ationalised industries, and the price of tin cans sold by Metal Box.

The investigations were announced last September after the three organisations notified the commission of price increases.

The commission has allowed all three price increases to go ahead as planned. But it is critical of the fuel cost adjustment system for electricity prices, and suggests that it is either abolished or greatly simplified.

It also recommends that future price increases for Metal Box's aerosol cans should reflect cost increases only, and this has been accepted by the company, which says it will not increase prices at least until after September, 1978, unless costs rise sharply.

Although Barclays Bank is allowed to increase its charges to some nationalised industries for money transmission services, the commission has referred the joint negotiations between the clearing banks for this business to the Office of Fair Trading for registration under the Restrictive Trade Practices Act.

The three reports have been submitted to Mr. Roy Hattersley, Secretary of State for Prices and Consumer Protection.

Electricity regulator criticised

BY DAVID CHURCHILL

THE practice of Area Electricity Boards in passing on increases in fossil fuel prices to the consumer through the Fuel Cost Adjustment mechanism is criticised by the commission. It suggests that the FCA system should either be abolished entirely or greatly simplified to take account only of significant changes in the price of coal, oil or natural gas.

But it recommends that recent increases in FCA—which are already in operation—should stand.

The increases investigated by the commission arose mainly because of a rise of 15 per cent. in the price of coal at the beginning of March 1977 and, as a result of a change in excise duty, an increase of 8 per cent. in fuel oil prices at the end of March. Costs were affected gradually, as stocks were used up, and the effects were still coming through in the summer.

Changing costs

In addition, increased use of oil burning, and therefore higher cost generators, was put forward as a secondary factor by the Central Electricity Generating Board for the FCA increases.

The commission found that the increased price of delivered fuel was a "valid and acceptable" cause for the FCA increases. But it described the secondary factors as less important.

It pointed out that the order in which higher cost generators are brought in is called the merit order system. Anything which affected the merit order, such as industrial disputes, affected the cost of fuel consumed and the cost of electricity generated. All such changes in the cost of fuel used are at present charged to the consumer as a FCA.

This led the commission to conclude that, as now operated, the FCA "is used to 'fine tune' CEGB income in changing conditions of fuel price and fuel usage. As such it is capable of being used more as advice for meeting financial targets than as a regulator of the price of electricity to meet an increase in the price of fossil fuel."

More critically, the commission adds: "It could also be a convenient way of passing on costs which might otherwise be vigorously challenged."

During its investigation the commission wanted to examine whether the CEGB could recover through the fuel cost of adjustment more than the actual increased cost of fossil fuel consumed. "We found that, although this possibility was present, the amount of money actually over-recovered was relatively small for the whole of 1976-77 and for the period to the end of September 1977."

Although the CEGB is responsible for generating and transmitting electricity to the Area Boards in England and Wales, charging them for it under the bulk supply tariff system, the area boards are responsible for consumer charges.

The commission found that, in general, the area Boards charge the FCA as received from the CEGB straight through to their monthly-billed consumers and average it over three consecutive months to quarterly-billed consumers. The result is then adjusted to take account of the percentage of electricity lost in distribution from the bulk supply point, as well as interest on working capital required to finance the increased credit given to customers for their higher bills.

The percentage of electricity lost in distribution from the bulk supply point varies according to voltage and distance, although the Electricity Council estimated that it was an average 6.4 per cent. for 1976-77.

In their bills the area Boards add 4 per cent. for high-voltage users and 8.5 per cent. for others. The commission says that these figures imply that just under half of all electricity taken is through high-voltage lines, whereas the Electricity Council reports the average for 1976-77 as 37 per cent.

Thus, the commission adds, "the adjustment for distribution losses may be overstated." But the commission did not feel the cost of interest on working capital was material to its investigation.

Misunderstood

As no separate accounts are available, the commission asked the Electricity Council to reconcile the amount charged by the CEGB with that recovered by the area Boards through FCA.

The council's estimates satisfied the commission that the difference in money terms between the predicted FCA used to calculate the tariffs for 1976-1977 and the total FCA charged was well within reasonable limits of estimating error.

But the commission felt that, in general, the public does not understand the FCA system. "It also appears to some customers, because the FCA is added to the tariff at a standard rate, that they bear a disproportionate charge. We did not, however, detect any discrimination against different classes of consumer, for example the white meter users, through the operation of FCA."

But as the commission does "not believe that the FCA system is of help to consumers," it suggests either its abolition or simplification. If this happened, it would not expect adjustments to take place at less than six-monthly intervals.

The commission points out that because of the tight time scale in issuing its report, it is unable to draw any conclusions about electricity charges in general. "Such conclusions would need to be supported by a thorough study of efficiency issues including efficiency of CEGB generating stations and fuel purchase policy.

Metal Box adopts tinplate cost standard

A 10.5 PER CENT increase in the prices of cans for food, drink and aerosol cans, manufactured by Metal Box, should be allowed to go ahead the commission said in its report.

But it recommended that future price increases of the company's aerosol caps should reflect only increases in tinplate prices or other substantial increase in costs.

Profitability of aerosol cans is substantially higher than for open top cans and Metal Box has around 73 per cent. of the aerosol market.

The commission has not, however, formally recommended any restriction in the prices of aerosol cans in view of the company's assurance that it will not seek to increase prices of its cans for sale in the U.K. before September, 1978, unless there are increases in tinplate prices or other substantial cost increases.

The commission has also been assured that increased cost incurred on aerosol cans will not be used to justify price increases on other products.

Tinplate represents more than half Metal Box's total manufacturing costs and any substantial increase in the price of the material inevitably results in an increase in the price of cans. As Metal Box gets 95 per cent. of its supplies from British Steel Corporation its relationship with the Corporation is of great importance both to itself and to its customers.

"We were somewhat disturbed by the apparent uncertainty of some of the arrangements. The food canning industry is concerned about the timing of price increases by BSC and about security of supply of tinplate," the commission adds.

It also points out that, while not wanting to detract from the company's efforts at controlling costs, it does not produce a regular record of costs and profitability of supplying particular products to particular customers. There may be major divergences undetected by the present system.

Metal Box has only one U.K. aerosol factory operating a high speed system. Pricing is based on a delivered price. "In our view this may lead to cross-subsidisation between customers. Experience in other industries indicates that this may tend to distort competition," the Commission says.

"The company appears to be relatively efficient in producing cans in comparison with its competitors in the U.K., which include specialist canmakers and canners who manufacture, either part or the whole of their needs. One major difficulty in establishing relative efficiency arises because competition is restricted in this market.

"The superior profitability of Metal Box operations may reflect the efficiency of the company, but it may also reflect the extent if any to which it sets prices above levels that could be sustained in a more competitive environment.

The company pointed out to the commission that it has absorbed cost increases over the years and takes the view that any further absorption of costs is not possible without affecting its ability to maintain its investment programme, keep its labour force at its present level and maintain its supplies to customers.

"A clear impression emerges that Metal Box is an efficient and enterprising firm but with relative immunity from competitive pressures in the products under review. It is of obvious concern that any company in such a position should reach and maintain the highest standard of performance that competitive pressure would normally impose. We believe in general that Metal Box achieves this standard," says the commission.

Dumping check on Soviet watches

BY JOHN LLOYD

BRITISH watch manufacturers and importers are to conduct a survey to determine whether foreign-made watches are being dumped at uneconomic prices on the U.K. market. The companies are especially concerned about Soviet-made watches, marketed in this country under the Sekonda brand name by the U.K. company, Time Products.

There is also concern about Japanese, Hong Kong and Taiwan-made watches.

The British Watch and Clock Manufacturers' Association, which has told Government officials of its intentions, is taking a low-pitch approach for the moment. Under EEC rules it must prove that watches are being sold in the U.K. at prices lower than those charged in the domestic market of their country of origin.

Competitive

In the case of Soviet watches there is some difficulty about obtaining information on the domestic prices, and whether or not these prices are subsidised, and by how much. British watch companies—most of whom are importers from Switzerland, Japan and the U.S.—believe that the Soviet watches are highly subsidised.

Sekonda has had a spectacular success in the U.K. in recent years, climbing from no sales in the late 60s to sales of more than 1m. last year, around 8 per cent. of the market. The company is second only to the U.S.-owned Timex, the dominant market leader, which has around 25 per cent.

While the Sekonda range starts from a slightly higher price than Timex, the Soviet watches are often highly competitive in numbers of jewels used and in design. A recently introduced range of Soviet-made quartz watches has also proved successful.

Foreign competition has driven most U.K. watch companies out of manufacturing. Smiths Industries phased out manufacture of wrist watches last year, and has concentrated — successfully — on the production of pocket watches and stop watches. The major manufacturer in the U.K. is Timex, with its main plant in Dundee.

Smiths is under pressure from competition in the clock market as well. The company is seeking a substantial reduction in staff at its clock factory at Wishaw, Strathclyde. It is finding it cheaper to buy quartz movements than to make its own, and its mechanical and electrical clocks are being undercut by Soviet and Chinese products.

Deloitte joins forces with U.S. accountants

FINANCIAL TIMES REPORTER

DELOITTE AND CO., the British chartered accountants, and Haskins and Sells, the U.S. accounting firm, are to cement their long-standing co-operation by both adopting the name Deloitte Haskins and Sells from May 1. The combined firm will be the world's eighth largest.

Announcing this yesterday, Mr. David Rae Smith, senior partner of Haskins and Sells, explained that the change signified "operational oneness" as distinct from "financial oneness." Both sets of partners, in Britain and in the U.S., had decided overwhelmingly to operate under the single name.

Speaking for the U.S. side, Mr. Thomas Hogan, deputy managing partner, made it clear that the adoption of the common name was a step in the slow process of a complete amalgamation of the two firms.

Mr. Rae Smith explained that the main obstacles to this were taxation, exchange control, differing standards of living and the difficulty of deciding on a just distribution of income between the two sides.

Call for punishment to fit crime

STIFFER PUNISHMENT to meet rising crime was called for yesterday by Mr. Ronald Gregory, West Yorkshire's Chief Constable.

"We have reached a stage where punishment has got to feature in the judiciary process otherwise there is no deterrent whatsoever. There must be a deterrent if we are to reduce crime," he said.

Mr. Gregory said that shorter sentences meant that more of the "criminal fraternity" was in circulation.

Provisional figures show that 131,000 crimes were recorded in England last year—a rise of 17.8 per cent. Sexual offences, frauds and homicides fell.

Mr. Gregory said the force was under considerable pressure: "Men of experience and long service have left the force and it is now young men with less than two years' service who are carrying the burden."

Print trade profits improving

NEARLY one in five printing companies is unprofitable, according to a survey published to-day.

The analysis of results by Jordan Dataquest shows that the profit margins of printers are generally low, but there is evidence that they are now picking up. The survey, in two parts, for the North and the South of England, covers a total of 672 companies.

The average profit margin of the ten largest privately owned Northern companies was 8.3 per cent. of sales. The margin for the top ten Southern companies, however, was only 4.5 per cent. of sales.

About one in five of all the companies surveyed was making a loss.

Analysis of the latest published results of the largest ten private companies shows that average growth from 1975 to 1976 was 15 per cent. However, results available for 1977 indicate that growth in the following year increased to 25 per cent.

The surveys ("North" £32, "South" £40) are obtainable only from Jordan Dataquest, Jordan House, Brunswick Place, London N1 6EE.

£300,000 fraud alleged

By Our Own Correspondent

A SWOOP by Customs officers in South Armagh may have uncovered a £300,000 fraud involving Common Market funds.

Belfast magistrates court was told yesterday by a lawyer for the Director of Public Prosecutions that the alleged massive fraud came to light in the documents seized with a consignment of bacon.

A Co. Armagh farmer and bacon dealer was remanded on bail accused of attempting to evade Customs duty on the seized consignment of bacon worth £12,000. The lawyer said further charges might arise.

Scott Lithgow tugs ordered

BRITISH Shipbuilders' first order of 1978 was announced yesterday when Forth Tugs said it had ordered two Voith water tractor tugs from the Bowling yard of Scott Lithgow, Clydeside.

The vessels are valued at around £2m. and will be delivered in summer next year for operation in the port of Grangemouth and surrounding area.

Barclays given approval for transmission charges

THE COMMISSION decided that price increases charged by Barclays Bank for providing money transmission services to the Post Office, the British Gas Corporation, and the Electricity Council should not be restricted.

"We are satisfied that the service provided by Barclays to the industries is of the same level of efficiency as that provided to any other large customer."

The commission, however, acknowledged that its investigation into the increase in charges needed to be seen in a wider context. The charges for money transmission—which includes the supply of notes and coin, collection of cash, cheques and bank Giro credits, and lodgement facilities for takings—are negotiated jointly through the medium of the Committee of London Clearing Bankers (CLCB).

"It is our understanding that the schedule of charges originally notified to us represents the then current point for negotiations between the clearing banks and the three nationalised industries concerned and that the charges which are ultimately to be made will be dependent on the outcome of those negotiations. The charges notified, therefore, represent a ceiling."

In deciding to investigate, the commission was particularly concerned about the method of negotiation adopted by the clearing banks for the charges. In assessing the proposed charges, it paid particular attention to two main acreas—the costing of new tariffs and the anticipated returns from the proposed increases.

The commission found no reason to challenge the method of costing and the ways in which costs are allocated to the services provided. In looking at the returns from these services, the commission decided to take into account not only the revenue derived directly from the charges but also the benefits accruing to Barclays from the funds held by it on behalf of its customers.

MR. CHARLES WILLIAMS
Chairman of the Price Commission, which yesterday published the results of three inquiries, published in these documents:

Fuel Cost Adjustment for the Supply of Electricity (HC133, 70p).

Barclays Bank Ltd. Charges for Money Transmission Services to the Post Office, the British Gas Corporation and the Electricity Council (HC134, 45p).

Metal Box Ltd. Open Top Food and Beverage Cans and Aerosol Cans (HC135, 85p).

In assessing revenue, therefore, the commission has felt it necessary to take into account a figure for imputed interest on those funds.

The commission acknowledged that Barclays was also in a position to derive income from these industries by the provision of overdraft facilities and other services. But the value of this business is not large.

The nationalised industries in question are able to satisfy most of their credit needs by direct recourse to money markets and are generally not such profitable customers as corporations who use an all-round banking service.

The negotiation of acceptable charges is thus regarded by Barclays as essential.

"We think that the industries should be left to conduct their negotiations as they see fit and to obtain the best terms possible through such negotiations, the centralisation of which through the CLCB clearly has a limiting effect on competition between the banks for the business of the industries. No doubt the industries will take into account in the course of negotiation the benefits of other related banking transactions," the commission said.

The commission says it will deal with one of the proposed charges, for cash holding, in a report due at the end of March on the provision of money services to customers. This is because of the wider issues it raises.

It adds: "The agreement between the members of the CLCB to joint negotiation with the industries appears to the commission to be subject to registration with the Office of Fair Trading under Part 1 of the Restrictive Trade Practices Act, 1976. The commission has therefore, fulfilled its obligation under section 19 of the Price Commission Act 1977, and has informed the Director-General of Fair Trading accordingly."

Brewers seek 2p a pint more

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

TWO MAJOR groups, Allied Breweries and Scottish and Newcastle Breweries, have formally notified the Price Commission of their intention to raise the price of beer by 2p a pint. A third company, Courage, the Imperial Group subsidiary, will put in its formal notification to-day.

Distillers Company has also notified the commission of the price rises it wants to make following the recent European Commission ruling against some of its U.K. trading practices.

Distillers wants to lift the price of four whisky brands—Black and White, Dewar's, Vat 69, and White Horse by "not much under £8 a case," or nearly 50p a bottle.

Mr. Charles Williams, chairman of the commission, has invited the brewers to discuss their applications and a delegation from Allied, the Double Diamond, Skol, Ind Coope and Tetley group, will be at the commission to-day.

It will be led by Mr. Bernard Kilkenny, chairman of Allied's beer division. Scottish and Newcastle's delegation, led by Mr. Peter Balfour the chairman, will meet the commission next week.

There is no doubt that Mr. Williams will attempt to persuade the brewers that they should give assurances about future price increases. He has made it quite clear he would like to see at least a year between one increase and the next.

But the Brewers' Society, when it met Mr. Roy Hattersley, the Prices Secretary, last month, would not commit its members to such a policy. The brewers agreed that future increases in beer prices would be less frequent but they would not commit theyselves to any precise period.

In any case, Allied will tell the commission that 95 per cent. of its beers have not gone up in price for more than nine month.

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LABOUR NEWS

Arbitration move on Merseyside rejected

By Pauline Clark, Labour Staff

HOPES FOR a quick end to the Merseyside dockers strike were dashed last night after union leaders rejected fresh proposals for independent arbitration in the three-week-old dispute over absenteeism.

The union and port employers will be meeting again later to-day, however, after what the Port Employers Association described as "a useful exchange of views" between shop stewards and their standing negotiating committee yesterday.

A renewed appeal for independent arbitration on the row over dockers who were not paid over the Christmas period was made by employers only a few hours after 2,000 dockers in the port's independent stevedoring companies walked out in support of striking colleagues in the Mersey Docks and Harbour Company.

With 6,000 of the port's dockers on unofficial strike yesterday, work in the docks was brought to a standstill. About 36 deep sea cargo ships and seven coasters are now affected.

The port employers yesterday suggested paying the disputed wages sum into a bank which would be paid to the dockers if the arbitration decision went in their favour or would go to "a medical charity" of their choice if it went against.

Scargill stays out of ballot on pit incentive

BY PAULINE CLARK, LABOUR STAFF

THE YORKSHIRE area ballot on incentive schemes in the mining industry will be put to about 60,000 miners in the region this week without a recommendation from the Left-wing leadership. There are indications that miners in the region may reverse their previous 77 per cent. rejection of productivity schemes.

Local officials of the National Union of Mineworkers said yesterday that Mr. Arthur Scargill, Yorkshire miners' leader, has decided not to become directly involved in influencing the vote this time because his opposition to such schemes had been made clear enough already.

"After his well-publicised campaign and recommendation to reject at the time of the national ballot, the men know where they stand well enough."

The policy in the second Yorkshire area ballot is in contrast with the adopted by Kent miners' leaders ahead of their members' decision over the week-end to go along with the union's executive decision to allow area bonus schemes.

Kent joined Yorkshire last month in seeking a High Court injunction against implementation of such schemes, but, after the attempt failed, recommended acceptance to members. This was to prevent members suffering in comparison with miners elsewhere.

The decision of the ballot in Yorkshire to-morrow and Thursday could be crucial in deciding the outcome on the issue in South Wales — the only other area which strongly opposed productivity schemes previously and which has to make a final decision.

Of the 46,000 out of a total 60,000 Yorkshire miners who voted in the national ballot, 77 per cent. were against the schemes. But, without a formal directive from Mr. Scargill and with the additional proviso on whether those who vote "no" are prepared to take industrial action, there is talk in Yorkshire of the new ballot producing a possible 55 to 60 per cent. vote in favour.

Out of 66 collieries in the area, 24 have made either formal or informal approaches to the Coal Board on introducing productivity schemes. This suggests at least about 40 per cent. of miners in Yorkshire may vote in favour.

● Production at Betteshanger colliery, the largest pit in Kent, was halted yesterday by a walk-out of underground workers. The men are said to be demanding their own productivity bonus against the policy of their union leaders.

Vote by firemen in the balance

By Alan Pike, Labour Staff

THE FINAL vote on a return to work at Thursday's Fire Brigades Union conference will be heavily influenced by meetings taking place in several of the country's largest brigades to-day.

In Scotland, an appeal for support fo ra return to work by Mr. William Millar, Scottish executive member of the union, was defeated yesterday by the regional committee.

Representatives of only one of the eight Scottish regions—Dumfries and Galloway—voted to accept the employers' offer and the committee is recommending continuation of the strike. This is now being considered by Scottish firemen.

This morning, the union's London regional committee will meet to consider how the 12 delegates representing the 6,000 men in Britain's largest fire brigades should vote on the proposed peace formula, which is being recommended by the union's executive.

The 1,500 members of Merseyside Fire Brigade—an area where support for the strike has been at its most intense—meet in Liverpool boxing stadium to decide whether to accept the offer.

Local union representatives will explain the details of the proposed new pay formula—which would bring firemen's wages into line with skilled manual workers in industry by November, 1979—but will make no recommendation.

There were several votes in support of a return to work in county brigades yesterday. Warwickshire members voted 200 to 40 to accept the pay formula.

A similar vote for acceptance was carried in West Glamorgan—123 to 62—and elsewhere in Wales there were votes for acceptance in Gwynedd, Clwyd and Dyfed.

Another county to vote in favour of the offer yesterday was Hampshire.

Post Office union talks on 35-hour week claim

BY OUR LABOUR CORRESPONDENT

DELEGATES of the Post Office Engineering Union have been called to a special conference this month to discuss the future of a 35-hour working week claim on which the union has been taking industrial action since October.

Union leaders have been involved in discussions with the Post Office since last year's conference adopted the 35-hour week as a policy objective. In October and November the union began two stages of industrial action involving non-co-operation in field trials and the commissioning of new equipment and exchanges.

Negotiations have produced an offer of a limited reduction in the working week to be financed out of productivity and other savings. However, the union says that at the start of negotiations the Post Office emphasised that it would prefer productivity improvements to be rewarded by money rather than shorter hours.

One of the issues which the special conference on January 28 will be asked to decide is whether it wishes to continue with the claim at this stage or to go instead for a conventional productivity deal. If it votes to pursue the hours claim, the conference will have to consider whether to stop industrial action.

A one-day strike planned for next week has been called off by the union's executive in view of the decision to recall the conference.

Joint action planned by Leyland workers

By Peter Cartwright

JOINT ACTION committees are to be set up at all 36 Leyland Cars plants to oppose any re-organisation involving reduction of activities, hiving off of parts of the company and redundancies.

The decision was taken yesterday at a special meeting of members of TASS, the technical, administrative and supervisory section of the Amalgamated Union of Engineering Workers.

The three other unions, covering professional, executive, computer and other staffs (APEX), the Association of Scientific Technical and Managerial Staffs (ASTMS) and the technical and supervisory staffs (ACTSS)—the white-collar branch of the Transport Union—are expected to join in. They have already indicated their support for joint action.

Mass meetings to which local MPs will be invited are to be called by the action committees.

The Engineering Union section has also called for a demonstration from union members at Thursday's meeting of the Leyland Cars Council.

This will be attended by Mr. Derek Whittaker, whose sudden resignation as managing director last week was publicly deplored by both white- and blue-collar unions, and by Mr. Ray Horrocks, the recently-appointed deputy managing director. Wr. Whittaker leaves at the end of the month.

After yesterday's six-hour meeting Mr. John Rowan, Midlands Senior Officer of TASS, said: "We want to make quite clear to the new management our opposition to any proposals detremental to members."

The Engineering Union section embraces almost all thoce concerned with the design and tooling for new and face-lifted models. On Friday, it refused a management request to sub-contract work on the Marina model valued at several million pounds.

Yesterday, it broadened this refusal to a general embargo that no such work should be contracted anywhere outside the company.

Little hope of end to Ford strike

Financial Times Reporter

TALKS went on for most of the day yesterday at Ford's Halewood factory, Merseyside, to try to resolve an unofficial strike by 1,000 body plant press shop workers. The action could lead to a shutdown of the £110m. plant and the lay-off of 8,000 men.

Senior Halewood shop stewards will pass on the results of the talks with plant management and a district officer of the Transport and General Workers' Union to a meeting of the striking men this morning at Transport House, Liverpool.

The prospect of an end to the day-old strike, which is over new productivity and work schedules, and an early resumption of work did not appear bright last night.

Production of finished Escorts is not likely to be affected by the drying-up of the supply of car bodies until later in the week.

Unions gain certificates

FOUR MORE trade unions have been given certificates of independence under Section Eight of the Employment Protection Act 1975.

They are: Burnley Building Society Staff Association; the Courtaulds senior staff union COSESA; the Scottish Health Visitors' Association; and the Teston Independent Society of Cricket Ball Makers.

PARLIAMENT and POLITICS

Du Cann hopes for tighter spending control by MPs

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE SYSTEM of Parliamentary control of expenditure has become farcical and MPs are totally failing in their duty to control Government spending, Mr. Edward du Cann, chairman of the Commons Public Accounts Committee said last night.

He urged that Parliament should adopt the new system of tighter control, recommended in the third report of the Public Accounts Committee last March.

Under this proposal, cash limits would be incorporated in a reformed system of Parliamentary estimates and accounts. Mr. du Cann believes that this would result in a programme of full cash budgetary control with MPs able to keep it under constant scrutiny.

He told MPs that the committee would be investigating this matter further in the present session and would be having discussions with Treasury officials. He hoped to be able to report in six months' time that such a method could be operating by the 1978-79 financial year.

MR. EDWARD DU CANN

"Parliament failing the nation."

In addition, he proposed tighter control on expenditure of public money by the National Enterprise Board and the British National Oil Corporation, with the Comptroller and Auditor General having full access to their books and accounts.

Opening the annual Commons debate on the various reports of the PAC over the past year, Mr. du Cann C., Taunton) made a scathing attack on the shortcomings of the present method which, he said, had remained virtually unchanged for generations.

"We vote millions on the nod," he told the House. "In the context of control and scrutiny of public expenditure, the questioning of Ministers, investigation in depth of what is being done with the taxpayers' money, there is no doubt that our procedures are very ineffective.

"Parliament, I believe, is failing the nation at this time," he declared.

Mr. du Cann welcomed the introduction of cash limits but pointed out that they had never been discussed in the chamber. No MP had had the opportunity to debate the limits on defence, health, agriculture or any other of the 125 items which made up the total.

"That is the way the Executive treats this British Parliament. That is the contempt it shows for us. It is shocking that here we have an administrative system not subject to national Parliamentary procedures of any kind.

"Any true democrat must be dismayed at the way we have been so careless of our Parliamentary tradition. Debates on estimates of supply have become farcical.

"Taxpayers and Members of Parliament should control the Executive. This we don't do in this House. Parties have far too much power to allow us to do that. We have an all-powerful Executive—an elected dictatorship."

Mr. du Cann pointed out that the committee had only a narrow remit. "The reality is that the work we do is only a tiny fraction of what needs to be done—the tip of the iceberg.

"The inquests of the Public Accounts Committee and the post-mortems are fine. But they are hardly a recipe for a healthy effective democratic practice.

"If there is no control or the controls are inadequate, then inefficiency will follow just as night follows day. We should control the Executive by controlling the purse strings. That is what we don't do.

"I am not arguing against public expenditure. I am arguing for its proper control by the one body authorised to control it and with a duty to do so."

The members of the committee were determined to see the necessary reforms carried out. It was absolutely essential to recapture public confidence. The slogan must be "Parliament rules OK?"

Mr. du Cann declared: "If the parties will not lead, then we most certainly will."

Turning to the NEB, Mr. du Cann recalled that it was being given £1bn. of public funds of which £240m. had already been issued. "I must say that the committee is not satisfied with the present arrangements for accountability to Parliament in the absence of any access by the Comptroller and Auditor General. It cannot be right that a servant of this House should be denied access to the records and books of the NEB."

The committee would be reviewing the adequacy of the present system which was plainly unsatisfactory.

There was a similar situation regarding the BNOC. The Department of Energy and the Treasury had told the committee that they would look again at the matter of access for the Comptroller and Auditor General.

Mr. Dennis Skinner (Lab., Bolsover) intervened to ask if Mr. du Cann would be as enthusiastic for his committee to investigate the Bank of England's "lifeboat operation" of aid to secondary banks which had got into difficulties. He pointed out that Mr. du Cann had had a past association with one of the companies involved.

Mr. du Cann replied that he would have no objection at all to such an enquiry and said that Mr. Skinner could make a request to the committee if he wished.

He agreed with Mr. Michael English, chairman of the general sub-committee of the Commons Expenditure Committee, that the Comptroller and Auditor General should be empowered to look at any set of accounts into which public money went, whether it was a public or private business.

Loose and superficial scrutiny—MP

Mrs. Barbara Castle, former Social Services Secretary, complained of some "totally unjustified conclusions" by the committee, which in its fourth report, had implied design mistakes in fuses made at the Royal Ordnance factory in Blackburn. "I have been concerned how loose and superficial is some of this much-vaunted scrutiny."

She argued that the committee should put its own house in order and take a careful look at its methods.

Liberal economic spokesman, Mr. John Pardoe said that Parliament was ineffective and feebly in administering a modern industrial society.

It was time all sections of the House took note of Mr. Du Cann's constant message that Parliament had no control over public expenditure at all. But one thing was certain, nothing would happen.

The whole question of aid to industry should be examined. He did not believe there was any evidence that private industry could be induced to invest by hand-outs.

"I welcome Mr. du Cann's determination to change this hidebound, traditional institution (Parliament) into a weapon of modern industrial and economic management."

Sir Timothy Kitson (C Richmond), called for the committee's evidence-taking sessions to be opened to the public, Press and, possibly, radio, on an experimental basis.

"Anything which might draw more attention to the workings of Parliament in investigating excessive public spending in certain areas will certainly demonstrate to the general public our concern as well as theirs."

Mr. William Hamilton (Lab Fife Cent), said that Mr. du Cann was using the Public Accounts Committee as an instrument towards getting a Tory government.

The committee had "unduly exercised itself" in investigating social security overpayments of an estimated £10.8m. By contrast, estimates of between £200m. and £500m. had been made of money lost to the Government through tax evasion.

He called for a public undertaking that the committee would investigate this problem.

Minister pressed on State industry chiefs' pay

By Ivor Owen, Parliamentary Staff

A PRODUCTIVITY element might be considered if the present basis for determining the salaries of the chairmen of Britain's nationalised industries were to be changed, Mr. Anthony Wedgwood Benn, Energy Secretary, suggested in the Commons yesterday.

He was replying to Left-wing MP Mr. Dennis Skinner (Lab., Bolsover) who, in a bitter attack on the area productivity deals being negotiated in the coalfields, accused the "respective bosses" of the NUM and the NCB of "conspiring together to smash the unity of the NUM."

In doing so, they had ignored the outcome of a democratic ballot, he said.

Mr. Skinner called on the Minister to ensure that the next time Sir Derek Ezra, the chairman, and others in the higher echelon of the NCB, sought a massive pay rise, they were told to ask for a productivity deal.

Mr. Benn reminded Mr. Skinner that payments made to the chairmen and other members of State Boards were handled on the basis of recommendations made by the Boyle Commission on top salaries.

"Discussions have taken place as to whether or not it would be better for these matters to be looked at in the context of each particular industry. Were that to be the case, considerations of the kind you have mentioned might come to the forefront," he said.

Problems

Mr. Peter Viggers (C., Gosport) asked how long the Government would continue to tolerate the situation where people, who were not full members of nationalised Boards, were, in many cases, paid far more than some who had full-time responsibility.

Mr. Benn said he had had a number of discussions about anomalies in the pay of members of nationalised Boards including the question of "reverse differential" between the higher paid officers and Board members.

"This is one of the problems which causes greatest concern in the nationalised industries," he stated.

While refusing to be drawn into controversy over the role of the NUM in the area productivity deals, Mr. Benn recalled that the 1974 tripartite agreement had referred to productivity schemes. "These have been handled in the normal way by the management and the unions," he said.

Mr. Richard Kelley (Lab., Don Valley) asked the Minister to look at reports that the productivity agreement at Bevercotes Colliery meant that face workers would receive an increase of £23 a week without any extra effort or any extra productivity.

This was either a case of "indecent propaganda" or a flagrant breach of the Government's 10 per cent. guidelines, he claimed.

Mr. Benn replied that such arrangements were locally negotiated. It was not really for the Government to comment on them.

Mr. Paul Channon (C., Southend W.) pressed the Minister to confirm that it was Government policy—"and your own personal policy"—that all those in nationalised industries, including the miners and power workers, should be subject to the 10 per cent. guidelines.

Mr. Benn said that Government policy had been made clear on many occasions.

Tribunal terms promised

By Ivor Owen

EARLY ACTION by the Government to decide the terms of reference of the tribunal of inquiry into the Crown Agents scandal was promised in the Commons yesterday.

Mr. John Tomlinson, Under-Secretary for Foreign Affairs, indicated that a Parliamentary motion to establish the tribunal would be tabled "in the very near future."

Mr. Dennis Canavan (Lab., West Stirlingshire) stressed that there was great public concern over the loss of £200m. of public money and "the whole scandal" had underlined the need to make the Crown Agents accountable to the public.

The need to ensure that the tribunal was able to probe the activities of the Bank of England in relation to the Crown Agents was emphasised by Mr. Dennis Skinner (Lab., Bolsover).

White Paper

THE PUBLIC expenditure White Paper is to be published on Thursday this week, Mr. Joel Barnett, Chief Secretary to the Treasury, told the Commons yesterday.

Liberal former president argues for ending pact

BY RUPERT CORNWELL, LOBBY STAFF

LESS THAN two weeks before the emergency Liberal Assembly in Blackpool, significant fresh opposition to any extension of the agreement with the minority Labour Government has surfaced throughout the party.

A number of senior officials have formed a new action group "Liberals Against the Pact," with the declared aim of bringing the arrangement to an immediate end—an outcome which Mr. David Steel, the Liberal leader, has made clear would mean his own resignation.

At the same time, Lord Banks, a former president of the party, makes clear in an article in to-day's "Liberal News" his own preference for an early break with Labour, now that all hope of securing a measure of electoral reform from the Government has vanished.

The view of Lord Banks, an elder statesman, who commands considerable respect within Liberal ranks, is that with the Commons defeat of the list system of proportional representation for Europe last month, the pact no longer has any point.

But, in his personal support for Mr. Steel, the former president touches the heart of the dilemma facing Liberals in Blackpool: how to end an arrangement in general deeply disliked by the grass roots, but avoid the departure of their leader—a prospect contemplated with horror throughout the party.

Lord Banks

Lord Banks insists that whatever the benefits conferred on the country by the Lib-Lab deal, its prime purpose in political terms was to win electoral reform, the only avenue leading to a lasting increase in Liberal influence.

In a key passage, he says: "In the absence of electoral reform, the only way to make sense of the arrangement is through an electoral pact under which, in each constituency, the candidate of the party whose chances are less would withdraw. But neither Liberals nor Labour are prepared for that."

Much the same argument is advanced by the pressure group, which asserts that the pact has outlived its usefulness. It dismisses any strategy of "Vote Liberal for moderation," and is angry at what it sees as indifference by Liberal MPs to the mood of the party in the country.

Until yesterday, Mr. Steel had appeared to be regaining the upper hand in his struggle to induce the assembly to back an amendment that would leave the decision on a break with Labour in the hands of the parliamentary party.

This week-end, the Scottish Liberals are expected to endorse the line taken by Mr. Steel, who is due to appear on television to-morrow to carry his case to the public.

No contender has emerged to replace him should the Blackpool vote demand an immediate end to the pact. The most natural successor, Mr. John Pardoe, MP for North Cornwall, has repeatedly stressed that he does not want the job and backs Mr. Steel.

Benn hints at early reactor decision

BY IVOR OWEN, PARLIAMENTARY STAFF

A STRONG hint that the Cabinet may take its long-awaited decision on nuclear reactor policy within the next five weeks was given by Mr. Anthony Wedgwood Benn, Energy Secretary, in the Commons yesterday.

He told MPs that he very much hopes that the decision will be close, "if not already made," by the time the Energy Commission has its next meeting on February 13.

Mr. Benn, who stressed that the choice between the British-designed advanced gas-cooled reactor (AGR) and the American-designed pressurised water reactor (PWR) will be made by the Government and the commission, said a wide range of factors had to be taken into account.

The views of the commission, which he agreed had come down strongly in favour of the AGR, and those of other interests would be fully considered.

Replying to Mr. Tom King, Conservative energy spokesman, Mr. Benn confirmed that the Central Electricity Generating Board and the South of Scotland Electricity Board wished to order AGR reactors.

"The discussion is about what may follow at a later stage," he said.

The Minister was adamant that nothing that had flowed from the last meeting of the Energy Commission had in any way limited the range of discussion which was still to take place.

Mr. King accused Mr. Benn of sacking anyone in his department who expressed different views to his own on the choice of nuclear reactor and spoke of an allegation that the position of a Parliamentary Under-Secretary was now under threat.

It was also reported, he said, that the Prime Minister disagreed with Mr. Benn's views. "What plans do you have for him?" he asked, amid Tory laughter.

Mr. Benn accused Mr. King of indulging in "tittle-tattle" and complained that he had systematically failed to rise to the occasion when difficult and important issues were under consideration.

The choice of nuclear reactor involved a lot of interests and pressures, and these had to be taken into account. But there was no dispute that in the view of the customers, if the South of Scotland Electricity Board was included, there should be two early orders for the AGR.

N. Sea divers

AS MANY as 1,000 divers were at work in the U.K. sector of the North Sea during 1977, Dr. Dickson Mabon, Energy Minister of State, said in a Commons written reply yesterday. The number in the whole of the North Sea at peak periods was 1,500 he said.

Arms debate call rejected

THE GOVERNMENT has been misled about the use intended for a shipment of British arms to El Salvador, Mr. Stan Newens (Lab. Harlow) said in the Commons yesterday.

But his plea for an emergency debate was rejected by the Speaker, Mr. George Thomas.

Mr. Newens said that the £850,000 shipment could be used against British troops sent to help Belize.

He did not accept the British Government's claim that El Salvador had guaranteed not to use the arms to support Guatemalan claims against Belize. He had information to the contrary.

Credit agencies protest by MP

MR. ANTHONY Wedgwood Benn, Energy Secretary, told MPs yesterday that he would look into an allegation that gas and electricity Boards were using private credit checking agencies.

Mr. Dennis Canavan (Lab. Stirlingshire W) said in the Commons that Mr. Benn should ask the Board chairmen why they used such agencies to check on potential customers before gas was supplied or hire purchase transactions were agreed. It was intolerable that a public body should use "private snoopers," he declared.

Mr. Benn said he would inquire into the matter and write to Mr. Canavan.

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APPOINTMENTS

Ian Fraser on EMI Board

Mr. Ian Fraser

Mr. Ian Fraser has been appointed a member of the Board of EMI. Mr. Fraser is deputy chairman of Lazard Brothers and Co., chairman of Rolls-Royce Motors and Rolls-Royce Motors Holdings, and director of BOC International, Chloride Group, Davy International, S. Pearson and Son, and Vickers Trust.

★

Mr. J. E. Douglas has now succeeded Sir Robert Douglas as chairman of ROBERT M. DOUGLAS HOLDINGS and Mr. C. Marjoram has been appointed deputy chairman. Sir Robert continues as executive director.

★

MERCHANT INVESTORS ASSURANCE COMPANY, a subsidiary within the Nationale Nederlanden Group of Holland, has appointed Sir Robert Erskine-Hill as chairman on the retirement of Mr. G. Reub. Sir Robert is also chairman of the Life Association of Scotland, another subsidiary of the Nationale Nederlanden Group. Mr. O. Hattink, a member of the executive Board of Nationale Nederlanden joins the Board of Merchant Investors. He also becomes a member of the investment panel.

★

Mr. L. C. Pratt is to become chairman of REDFEARN NATIONAL GLASS after the annual meeting on February 8 and will continue as managing director. He succeeds Mr. Stanley Race, who is resigning as chairman but will remain on the Board.

★

Mr. Dennis P. Johnson has been appointed managing director of CENTRE HOTELS (CRANSTON), a subsidiary of the Coral Leisure Group, from April 1. Mr. Johnson is director of Watney Mann Truman Brewers and chairman of Watney Mann (West) and managing director of Watneys Southern.

★

Mr. Malcolm Reid, an Under-Secretary in the Department of Industry, is to succeed Mr. Michael Morris as head of the DEPARTMENT OF TRADE'S Insurance Division, which sponsors the British insurance industry at home and overseas and supervises the solvency of companies authorised in Britain. Mr. Morris has been appointed head of the DEPARTMENT OF INDUSTRY'S Industrial Planning Division.

★

Mr. William H. Hawkes has joined the Board of UNICORN INDUSTRIES. He is chief executive of its abrasive grain division.

★

Mr. Gerry Grant, technical publications, and Mr. Douglas Duff, engineering services have joined the Board of INDUSTRY SERVICES INTERNATIONAL, a company within IPC Business Press.

★

Mr. Roger Culpin has been appointed a director of BARCLAYS MERCHANT BANK.

★

Mr. Alan Jackson has been appointed company secretary of FISHBURN PRINTING INK COMPANY in place of Mr. Jack Austen who continues as financial director.

★

Mr. W. K. Fraser, at present a deputy secretary in the Scottish Office, has been appointed Permanent Under-Secretary of State, Scottish Office, in succession to Sir Nicholas Morrison, who will be retiring from the public service on March 31.

★

Mr. J. B. M. Coates has retired as a director of COATES BROTHERS AND CO. and has been made an honorary life president.

★

Mr. R. S. Fisher has resigned as a director and secretary of the CRONITE GROUP and Mr. D. F. Calow, a non-executive director, has been appointed secretary.

★

Mr. Victor M. Blackburn, managing director of Gledhill of Huddersfield has succeeded Mr. Philip Brook as chairman of the National Wool Textile Export Corporation, which represents the export interests of the U.K. wool textile industry. The new vice-chairman is Mr. Gerard Litten, managing director of British Mohair Spinners.

★

Mr. J. J. Gardner has resigned as assistant general manager of the ORION INSURANCE COMPANY. A joint general manager has been appointed to take charge of motor operations, other provincial fire and accident business, and the Folkestone office. He is Mr. Folkert Vogelenzang (general manager, international division, Nationale-Nederlanden) who fills the post in an acting capacity.

★

Mr. Colin Lowe has been appointed chief executive of NORTHERN VENEERS, a member of the International Timber Corporation's building products division. Mr. Eric J. Beck has been made purchasing director of Gliksten Plywood.

★

Mr. K. B. Ramsey has been appointed general manager, operations, LIBRA BANK. Mr. E. E. Masferrer has become assistant general manager, N. America, Mr. P. E. Franceschi, Mr. R. J. Halcrow and Mr. F. L. Rahm, senior regional managers, and Mr. P. J. James, money manager.

★

Mr. M. L. J. Hamblin and Mr. N. R. Hayden have been appointed directors of BRADSTOCK PLUNKET AND CRAWLEY. Mr. Hayden continues as company secretary to the group.

★

Mr. George Medley has been appointed director of the British National Appeal of the WORLD WILDLIFE FUND. Mr. Medley has been managing director of Glaxo Laboratories (India) in Bombay for the last five years.

★

Mr. T. D. Hamilton has been appointed to the Board of BELDAM ASBESTOS COMPANY, responsible for production.

★

A number of overseas executive changes have been made within the HAWKER SIDDELEY GROUP. Mr. C. Stacey has been appointed to the Boards of Hawker Siddeley Electric Zambia and South Wales Electric Zambia. Mirrlees Blackstone (S.E. Asia) Pte has been formed, registered in Singapore, to handle the sales, servicing and spares business of Mirrlees Blackstone (Stockport) and Mirrlees Blackstone (Stamford). Its Board consists of Mr. A. A. Adley, Mr. J. Carr, Mr. A. C. Fergusson and Mr. R. H. Savage. Mr. N. Pillai is secretary. Mr. S. L. Munn becomes president and Mr. R. A. Lister, a director, of R. A. Lister Canada. Mr. R. J. Wilson has joined the Board of R. A. Lister New Zealand. Changes have been made at HDH Holdings, Australia, and its Board is now Mr. B. R. Bensly, chairman, Mr. R. Kingsford-Smith, deputy chairman and managing director, Mr. L. R. Jones and Mr. B. S. Price. Mr. W. R. P. Hansen is secretary. Two subsidiary operating companies of HDH Holdings have been established called Hawker de Havilland Australia Pty. and Hawker Pacific Pty. under the chairmanship of Mr. Kingsford-Smith.

★

Mr. B. A. Baldwin has relinquished his group directorships of MINET HOLDINGS because of ill-health, but remains a consultant.

★

Mr. P. W. Madderson has been appointed sales director of EXPANDITE, a subsidiary of Burmah Oil.

★

Air Commodore Colin Foale has been appointed director of public relations (RAF) at the MINISTRY OF DEFENCE in succession to Air Commodore P. B. Hine.

★

Mr. Richard Ward-Jones, previously U.K. sales manager, BSR, has been appointed managing director of BSR (JAPAN).

★

Mr. E. J. Ward, of Brantford International, has joined the SIMPLIFICATION OF INTERNATIONAL TRADE PROCEDURES BOARD.

★

Mr. R. C. Howson has been appointed a director of BUCKLEY INVESTMENTS and continues as managing director of Miller Buckley Group Services and legal adviser to the group.

★

Mr. W. L. Jones and Mr. R. W. Lenton have joined the Board of TRUFLOW, a member of the Wilmot - Breeden (Holdings) group.

★

Mr. David Morphet, an assistant secretary in the Department of Energy, is to become deputy chairman of the MIDLANDS ELECTRICITY BOARD in succession to Mr. Cyril Wickstead, who was recently appointed chairman of the Eastern Electricity Board. Mr. Morphet will be seconded from the Department of Energy for a three-year term from April 3.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● ENERGY

Storing solar heat for use at night

SCIENTISTS at General Electric Company of the U.S.A's. Research and Development Centre have invented a mechanical heat-storage apparatus that could prove to be a practical solution to the problem of storing solar energy for later use.

Employing compounds with high heat-storage capacity, the "rolling cylinder" system, which is still in the laboratory stage, promises to be low in cost and compact enough to fit conveniently in the basement of most homes and commercial buildings. High cost and prohibitive size are primary disadvantages of present heat-storage systems, which can employ large tanks of water or even larger bins of rock.

It is intended to use any of a number of heat-storage materials that have high latent heats of fusion. These substances absorb large amounts of heat as they melt and, as they cool, gradually solidify, releasing the "stored" heat.

Efforts have focused primarily on Glauber's salt (sodium sulphate decahydrate), a member in good standing of this family of latent heat-storage substances.

It can hold more than seven times the energy of an equal volume of water and about 12 times as much as an equivalent volume of rock. This ability, combined with low cost (about 1½p per pound in bulk quantities) and a convenient melting temperature of 90.3 degrees F. (32.2 degrees C), make it a good candidate for solar heat storage.

Until now, however, Glauber's salt has failed to live up to its heat-storage expectations. A practical method to make it behave as it should for extended periods of time has eluded scientists for more than 30 years. With previous heat-storage devices based on this salt, researchers were baffled by an "encapsulation effect" that prevented complete solidification of the material after five to ten freeze-thaw cycles. This resulted in a progressive decrease in the material's heat-storage ability.

In addition, all previous freeze-melt heat-storage systems experienced a troublesome salt build-up on the walls of the storage container during the freeze cycle (when heat is released). Acting as insulation, this crust impedes heat transfer from the salt to the outside of the container, which serves as the heat-transfer surface.

The GE answer is that the heat-storage material is stirred very gently. This has led to the invention of the rolling cylinder system, proved to be a highly effective approach.

Turning at three revolutions per minute the rolling cylinder apparatus provides just enough stirring action to keep the temperature of the Glauber's salt uniform and very close to the wall temperatures.

This ensures that the material crystallizes on nuclei in the liquid and not on the cylinder walls.

A thin tubular device, a "nucleator," plays a key role in this liquid-to-solid phase change. Inserted through one end of the rotating vessel, the nucleator contains seed crystals of salt that serve to initiate the crystallization process when the temperature of the liquid salt drops below its freezing point.

The effectiveness of this concept has been demonstrated in a series of laboratory experiments involving 55-gallon steel barrels. These vessels are filled to 95 per cent. of capacity with Glauber's salt and, with the aid of rollers and a small motor, rotate continuously at three rpm. Small hot-air blowers simulate the daily input of solar energy that would melt the heat-storage material.

The development team is planning a 30-month scale-up programme, which has been approved for partial sponsorship by the U.S. Department of Energy. In this programme, a 200-gallon prototype rolling cylinder system will be designed, built, and tested. This work will provide a basis for the design of a commercial-size rolling cylinder system.

One possible commercial system would have a long, slender rotating tank that would hold about 800 gallons of Glauber's salt. Capable of storing 1m. BTUs of thermal energy, this system could heat an average older home for about 24 hours when the outdoor temperature is a consistent 0 degrees Fahrenheit or −18 degrees Centigrade. The same system could heat most newer homes (which have better insulation and fewer air leaks) for two full days when the outside temperature is 0 degrees Fahrenheit.

With a less severe outside temperature of 32 degrees F (0 degrees C), the 800-gallon system could store enough energy from the sun to double the heating times for the older and newer homes to two days and four days, respectively.

The idea could be used to advantage in commercial heating systems that do not require solar energy. The apparatus could, for example, be combined with a heat pump that uses off-peak—and sometimes less expensive—night-time electricity to melt the heat-storage material. Energy absorbed in the melting process would then be used for heating during the day.

The GE concept is similar in essence to higher temperature systems under development for a number of years at Philips in Eindhoven and ASEA in Sweden, with the difference that both the latter companies believe their ideas can be scaled up to provide enough heat storage for a whole district.

● HANDLING

Safer sling spreads the load

INTENDED TO improve weight distribution and to simplify positioning, especially when handling cylindrical or bagged loads, a range of slings with working loads up to 10 tons, has been introduced by Sandem Web Slings Company, Compstall, near Stockport, Ches., SK6 5HN (061-427 6234).

Widths range up to 34 inches, and the sling consists of a heavy duty two-ply polypropylene base through which is passed the polyster webbing load bearing bands.

When the sling is passed round the load, the base keeps the bands spread, preventing them from twisting or moving before the slack is taken up.

● COMPONENTS

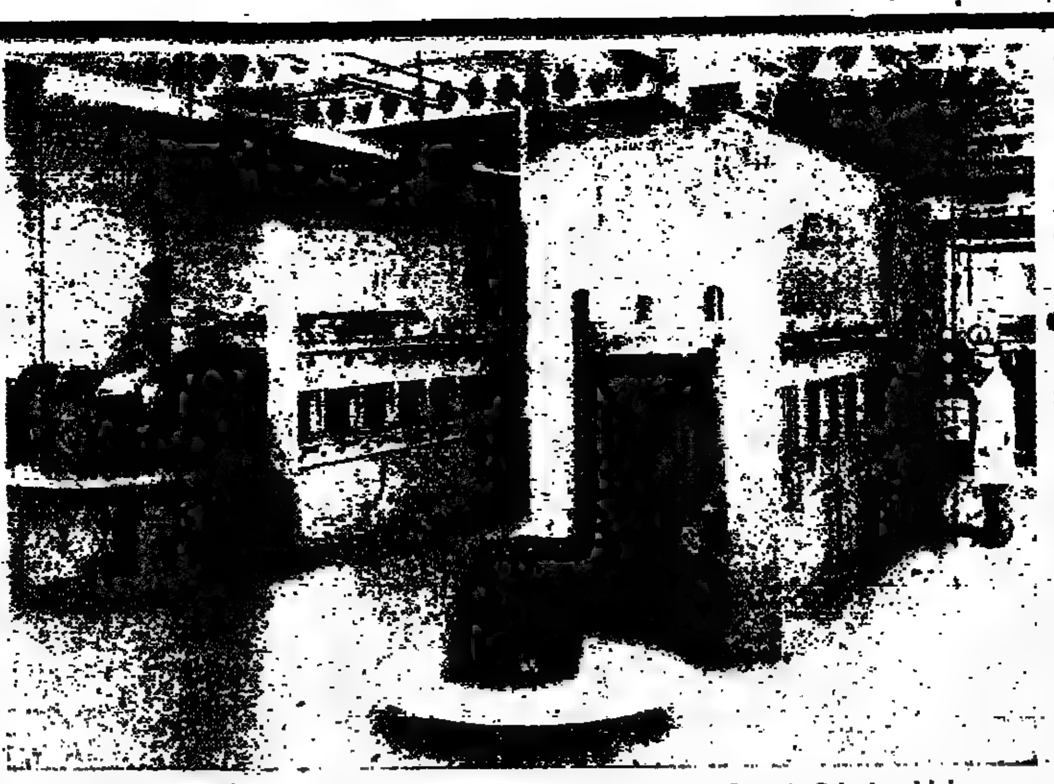
Heavy duty bearings

CAST STEEL housing, pillow blocks, with bores ranging from 62 to 178 mm (and equivalent imperial sizes), fitted with double row self-aligning barrel roller bearings, are now available in the U.K. ex-stock or made-to-order.

Elongated bolt holes in the base provide ease of mounting and adjustment, and a tapered adaptor sleeve is incorporated for ease of mounting on commercial shafting. Rubber seals are normally fitted, but metal seals are available if required.

Built to withstand heavy shock loads, typical applications for the blocks are in steel rolling mills and metal refining, where the rollers are under heavy stress.

Details from Dick Bearings, PO Box 28, Whitebirk Industrial Estate, Blackburn, BB1 5SR (0254 59111).



These steam-heated presses have been installed by James Dawson and Son to increase capacity at its Lincoln works for producing 24 and 26 inches wide transverse and chevron cleated conveyor belting. Designed by Schubert Engineering, of Haverhill, Suffolk, the presses are equipped with interchangeable moulds that will produce cleats that are integral with the belt base at various pitches and up to 3 inches high. The company has also got a smaller third press for jointing operations and it is stated that the extra capacity will enable the company to produce an extra 40 miles of belting a year. Over £75,000 has been spent on the present equipment and a further £50,000 is to be spent on a press and associated equipment for producing special profile belts up to 42 inches wide.

● PLASTICS

Makes small mouldings

ORIGINALLY DEVELOPED for making boat fittings in plastics, the Gnat fully automatic injection moulding machine is capable of producing up to 10,000 mouldings per week.

Made by Austin Allen, Queens Park Road, Harold Wood, Romford, Essex, (Ingrebourne 44744), its running costs are said to be low, and the initial capital outlay (about £3,000) can be quickly recovered because tools are smaller and therefore cheaper, and they are procured faster.

Once set, the machine needs only to be topped up with material and the accumulated output removed. One man can oversee six or more machines. Standard features include: automatic shut down if a fault develops in the cycle; a master safety handle which electrically and pneumatically isolates all functions; a platen arrester, air filter and lubricators.

Each machine provides bump ejection if required, and accepts unscrewing, core pulling and fixed half ejection devices.

Four shot sizes are available (all at the same price) up to a maximum of 20 grams shot weight. The only services required are a compressed air line and a 13 A socket.

● INSTRUMENTS

Assembled on site

RECENTLY made available by Rosemount Engineering Company is a platinum resistance thermometer assembly kit designed to meet the requirements of plant and maintenance engineers who need to make, on site, units compatible with U.S. standards.

Designated PFK-B, it contains all the necessary materials and special tools to make ten devices.

The thermometers have a stainless steel sheath of ¼ inch (6.3 mm) diameter and can have immersion lengths up to 16 inches (410 mm). Mounting is by ½NPT threads, and the units are suitable for thermo-wells or for direct immersion.

Sensing element is the company's Platfilm PFI platinum resistance insert introduced a few months ago.

Applications are expected anywhere in the world where U.S. designed installations are operating.

More from the company at Durban Road, Bognor Regis, Sussex PO22 9QX (02433 3121).

Marketing move

A RELATIVELY new name on the instrument scene, Hevway, which since its formation in 1973 has been concerned mainly with tailor-made projects is now to offer some of its developments as catalogue items.

First of these is a multichannel analyser for pulse height data which has a general purpose acquisition store enabling the display and interpretation of random events.

The unit is designed to be an integral part of systems used for the analysis of event energies from alpha, beta, gamma and X-rays.

A built-in microprocessor extends the unit's facilities to data logging where routine measurements of temperature, pressure, speed etc. are involved. Results are displayed in a format allowing easy interpretation.

Multiple inputs are selectively sampled by peak height detectors and the results stored and processed with the spectra being displayed for further analysis by a library of software routines.

More from P.O. Box 7, Luton LU3 1DD (Luton 20202).

● MATERIALS

Reacts fast to changing light

CHANCE-Pilkington is putting on the market a photochromic glass which reacts to changing lighting conditions much more quickly than its predecessors.

Fading rate of the new glass is such that it takes about two minutes to fade halfway back from the fully darkened state compared with about 30 minutes for the company's Reactolite 90/20 glass. Darkening is also claimed to be much faster, taking about half a minute instead of two minutes.

Prescription spectacles can now be fitted with the latest glass which has been called Reactolite Rapide. Sunglasses are to become available in April.

Chance-Pilkington is located in Glascoed Road, St. Asaph, North Wales.

Aluminium tennis racquets

LATEST DESIGN of tennis racquet from John Mott Racquets, of Farnham, Surrey, incorporates a frame made from a one-piece multi-hollow miniature aluminium extrusion.

For maximum strength/weight ratio an I-section is used, and after forming, a six-hour age hardening process in controlled conditions is applied to stabilise the structure. The frame, throat and ferrule of the tennis racquet is shot blasted with glass beads to give a textured surface. It is then anodised to give a choice of silver, matt black or matt grey finish.

The aluminium extrusion is made by Minalex, an Alcan Booth company, (0452 25062). The racquets should be in the sports shops shortly.

● TEXTILES

Flameproof curtains

ONE OF the major problems facing textile manufacturers throughout the world is how best to minimise the flammability of their various products.

Particularly prone to burning is the light curtain net, but now a British company has developed a 100 per cent. Terylene filament curtain net specially suitable for contract applications and which comes within the significant British Standard BS3120. It can, accordingly, be described as flameproof.

Unlike most flameproof constructions, this does not depend on any additive in the synthetic fibre nor does it need a special finish on the final fabric. The property has been achieved simply by means of using a special warp knitted construction that results in a construction that inhibits burning.

Under British Standard BS3119 six samples are subjected to an ignition flame for 12 seconds after which they must neither burn, nor exhibit any after-glow which could pass to the undamaged portion of the net.

The new ... being made by Monarch ... High Street, ... Middlesex ...

● PROCESSING

Extrating valuable minerals

FLOTATION METHODS for separating the components of pegmatite have been proved in laboratory-scale tests in the U.K. to be possible ... Peemin Mine.

... Transvaal.

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The Management Page

EDITED BY CHRISTOPHER LORENZ

A delicate partnership

Mary Campbell looks at how some major American banks are trying successfully to combine their traditional commercial activities with merchant banking business

HOW TO combine merchant banking successfully with commercial banking has been one of the most pressing problems for bank management in the last ten years. This has particularly been the case in countries like the U.S., Canada, Japan and Britain where for reasons of law or habit the two kinds of banking have historically been carried out by different institutions. But even in countries where the structure of the banking industry follows the continental European model of universal banks — embracing all forms of banking business — the issue continues on occasion to cause some friction.

The difficulty has basically been that merchant banking has traditionally required disciplines and attitudes that in some ways are alien to commercial banking. Therefore, as the latter have started to move into the merchant banking sector for the first time, differences have had to be reconciled — not always successfully.

Commercial banks have in their domestic markets tried in the last ten years to build up their investment (or merchant) banking capability. These incursions have been fought hard by the independent merchant banks — which are too small to hit back by moving into commercial banking.

Friction

Similar moves by the commercial banks internationally have not created such friction. This is largely because Euromarkets — a blanket term now used to cover all types of international banking business — have grown so fast from scratch to several hundred billion dollars since their inception 15 years ago that there has been plenty of room for everyone.

The freedom of international markets has led Japanese and U.S. commercial banks long since to establish the principle that they are allowed internationally to do investment business which they are strictly forbidden from touching at home. However, they have been able to build up the profits of their international operations so fast by concentrating on commercial banking, that in many cases they have not until now organised themselves to take a big share of the international investment banking business.

What is basically meant by international investment banking in this context is fee-earning business rather than business where the bank's profit is mainly derived from the difference between the rate at which it borrows funds and the rate at which it re-lends them. Internationally, this means managing and underwriting Eurobond issues, and setting up departments to trade bonds in the secondary market, managing investors' portfolios, helping companies with cross-frontier mergers and acquisitions, and, above all, managing the big international bank loans where a number of banks club together to provide larger sums of five to ten year money than any one bank individually would be prepared to loan to any single borrower at any one time. Several hundred million dollars is by no means unusual for such loans, which carry floating rates of interest tied to the cost of the banks' own funds.

Thus Chase Manhattan carried out a big restructuring of its merchant banking business in the first-half of last year, setting up a three-footed international merchant banking organisation based on London's Chase Manhattan Ltd., the Hong Kong-based Chase Manhattan Asia and a merchant banking unit in the New York head office which covers North America.

Last September, Chemical Bank announced that it was buying out its partners in a London-based consortium bank, London Multinational, and changing its name to Chemical Bank International. Most recently of all, Bank of America, the world's largest bank, has been involved in a major reorganisation involving widespread changes in the stakes it holds in financial institutions outside the U.S. as well as the establishment of merchant banking personnel in several centres round the world working in a parallel organisation with the commercial bank branch officers.

One of the most immediate friuts of the Chase Manhattan thrust in this area was that in the latter part of last year, Chase was more evident than Citibank in the syndicated lending market. The fact that they are dollar-based has given the big U.S. banks a natural advantage in this market where the largest loans have hitherto all been dollar-denominated.

Hegemony

One of the most striking features of the market had been the dominance of Citibank in the fee-earning part of it—acting as lead manager for loans. Thus in 1976 Citibank was a lead manager or co-manager of over half the total \$28bn. worth of loans arranged in the market.

It had headed the league tables for management positions ever since they began to be compiled. The 1977 league table is not yet out, but Citicorp's hegemony has certainly been broken.

However, Citibank can comfort itself with the adage that imitation is the sincerest form of flattery. It is no accident that it got its merchant banking business organised long before Chase and Bank of America. And for the commercial banks which have yet to decide how to solve the problems inherent in getting into the international merchant banking business, perhaps the most interesting point is that basically both Chase and Bank of America have followed the model established by Citibank when it organised its merchant banking business in 1973 and 1974.

There are two basic ways in which the Citicorp model differed from the models which other banks had adopted (or drifted into). In the first place there was no room for the concept of the consortium bank except on the fringe of the Citibank organisation. Second, it involved setting up a separate organisation to report to a high level within the bank, covering all aspects of international merchant banking business.

No other bank took the principle of "going it alone" to such lengths while many of them have continued to offer different merchant banking services from within different departments of the commercial bank, often without co-ordination.

The fundamental difficulty facing commercial bankers trying to move into the fee-earning business is generally seen to be how to integrate the speed and flexibility required of the successful merchant banker into the much larger more slow moving and repetitious commercial banking business.

This is partially a problem of personnel—the successful merchant banker expects to be given more responsibility and paid more at a younger age than can conveniently (and for very good reasons) be fitted into the more hierarchical structure of a commercial bank. Solutions to this problem have been found by means of establishing separate merchant banking institutions owned by the commercial banks but where the commercial banks' salary and age structure does not apply.

A more difficult and still generally unsolved problem has been how to ensure that the merchant bank works closely enough with the commercial bank for sufficient control to be exercised and for maximum benefit to be derived without bringing the two so close that the initiative required in merchant banking is stifled.

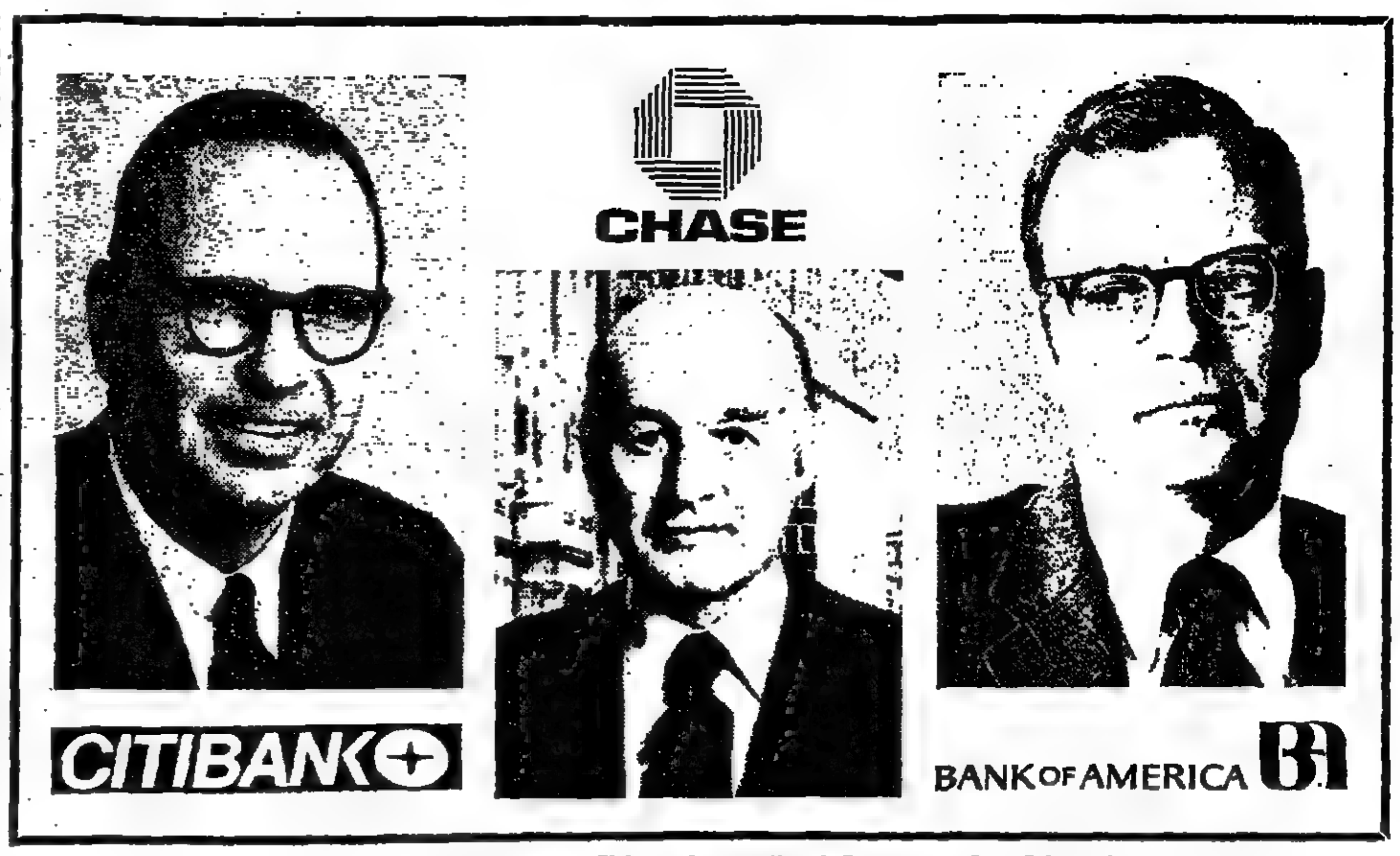
There have been enough cases in recent years where merchant banking subsidiaries of commercial banks have gone astray on the back of the parent commercial bank's reputation to ensure that a good case for close control can be made. In addition, there is the problem of getting branch and account managers in the commercial bank out in the field to make maximum use of merchant banking services.

The way that the big three U.S. banks have set about getting the correct mix of control and freedom is to set up the international merchant banking activities as an organisation in parallel with the commercial banks' organisation. Internationally these are institutionalised under the titles "Citicorp International Group," "Chase Manhattan Merchant Banking Group," and "BankAmerica International Group" (which wags are already abbreviating to BIG). These "groups" are not incorporated as such, though a number of separately incorporated banks and finance companies round the world come under their control, as do also individual bank officers stationed in strategically placed branches of the commercial bank.

Both Chase and Bank of America have included domestic merchant banking operations within these groups, although heads of the groups, Otto Schoeppler and Robert Frick, report to the head of their respective bank's international departments.

Citicorp International Group is one of three divisions of Citibank's Merchant Banking Group which is at the same level in the organisation charts as the International Banking Group, the Investment Management Group, the National Banking Group (covering wholesale business within the US) and so on.

In all three cases, however, the structure is such that the head of international merchant banking is reporting to an executive vice-president—someone only one tier below the head of the bank.



From left to right: Mr. George E. Putnam Jnr., of Citicorp International Group; Mr. Otto Schoeppler, of Chase Manhattan Merchant Banking Group; and Mr. Robert Frick, of BankAmerica International Group.

Local

The Citibank solution to the other big problem—how to ensure maximum co-operation between the branch managers round the world and the merchant banking officers has been followed almost exactly by the other two big banks. Basically what Citicorp did here—and it is thought that it was the first bank to do it— was to set up a system whereby for the purposes of promotional prospects the credit for any deal organised by the merchant banking group would be attributed to the local account manager, regardless of how much that account manager had contributed to the successful conclusion of the deal. The aim of this system was to motivate local branch managers wherever they were in the world to search out potential merchant banking business and bring it to the experts in the major international money centres.

Chemical Bank is still too early in the process of reorganising its international merchant banking business for it to be sure to what extent it will repeat or vary these examples. However it is already clear that the head of the international merchant banking organisation will report to a high level official in the main bank and will have reporting to him merchant banking individuals in a number of places around the world.

These and other examples—in particular Bank of America's wide ranging review of the stakes it holds in consortium banks round the world—suggest that big banks generally will increasingly dismiss the consortium banking idea except in specialised circumstances.

The main reason for this is that the then specialised business which the consortium banks were mainly set up to do—medium term Eurocurrency lending—has become so big that the international banks feel they must do it themselves rather than share the fruits with other banks. In other areas of specialisation — most notably geographical — the consortium concept is still considered valuable even to the largest banks. Thus Bank of America is keeping its stakes in European Brazilian Bank, for example, and in International Mexican Bank.

Small stakes in successful consortium banks may also be regarded as trade investments, more simply kept than unravelled.

The most glaring exception to this general rule among the three biggest U.S. banks is Chase Manhattan's stake in the Orion Bank. The official line on this is that it is better for Chase to have a 20 per cent. share in the business Orion originates—some of which may be provided by other shareholders in Orion—than to have no share at all. There is no doubt that Orion is in a somewhat different league from most other consortium banks, and this would make it a particularly difficult knot to untie even should Chase have wanted to do so. At all events it does not impinge much on the organisation.

Business courses

Practical Negotiation Skills. The Study Centre, Huntingdon, Cambridgeshire. February 5-8. Fee: £360 plus VAT. Details from the Institute of Personnel Management, Central House, Upper Woburn Place, London, W.C.1.

Value Added. University of Bradford, Yorkshire. February 15-16. Fee: £80. Details from The Management Centre, Heaton Mount, Keighley Road, Bradford, West Yorkshire.

Current Practices in the Eurobond Market. Portman Hotel, London. February 16-17. Fee: \$525. Details from AMR International, 6-10, Frederick Close, Stanhope Place, London, W.2.

Selecting the Right Candidate. Whites Hotel, London. February 6-10. Fee: £284.04. Details from Institute of Personnel Management, Central House, Upper Woburn Place, London, WC1.

Financial Control of Research and Development. University of Bradford, Yorkshire. February 21-24. Fee: £125. Details from The Management Centre, Heaton Mount, Keighley Road, Bradford, West Yorkshire.

Developing Computerised Financial Reporting Systems. Royal Garden Hotel, London. February 13-15. Fee: \$525. Details from AMR International, 6-20 Frederick Close, Stanhope Place, London, W2.

New Techniques for Decision Making. Brunel University, Middlesex. February 6-7. Fee: £150. Details from Management Programme, Brunel University, Uxbridge, Middlesex.

The Secretary's Role in Management. Eccleston Hotel, London. February 28-March 2. Fee: £90 plus VAT. Details from PMG Executive Training and Development, 207, Victoria Street, London, S.W.1.

The International Executive Programme, Geneva. February 27-March 23. Fee: Sw.Frs.8,200. Details from Admissions Secretary, CEI, 4 Chemin de Conches, CH-1231 Conches-Geneva, Switzerland.

Managing Technological Innovation. University of Bradford, Yorkshire. March 5-17. Fee: £425. Details from Management Programmes, University of Bradford, Management Centre, Heaton Mount, Keighley Road, Bradford, West Yorkshire.

10th Annual International Personnel Conference: Tomorrow — a challenge to the Personnel Manager, Sheraton Hotel, Munich, Germany. March 8-10. Fee: B.Frs.28,900. Details from Management Centre Europe, Avenue des Arts, 4, B-1040 Brussels, Belgium.

Financing Capital Goods and Projects Overseas. Dunchurch, Warwickshire. March 14-15. Fee: £115. Details from The College of Management, Dunchurch, Rugby, Warwickshire.

Job Evaluation. Whites Hotel, London. March 7-9. Fee: £191.16. Details from the Institute of Personnel Management, Central House, Upper Woburn Place, London WC1.

Questioning the offside rule

BY ANTHONY HARRIS

THE post-Christmas mail always brings a ton or so of retrospective analyses and questionable forecasts from City institutions, and there is a strong temptation to dump them unread; but not for the first time, I am glad I resisted. There is nearly always someone who has something unseasonal to say, and this year the award for the relief of tedium goes to Tony Rudd. Swimming, as is his habit, against the tide, Mr. Rudd takes a close look at the Government's White Paper proposing to outlaw insider dealing; and he finds it absurd.

This will certainly bring him few new friends in the City, which has greeted the proposals, which are after all bi-partisan, with a dutiful anthem of praise. At any rate, it will win him few *friends who are prepared to* declare themselves: but I suspect that a lot of people, if they can swallow their distaste and read *his analysis — I'm sure* Rowe Rudd could run off some more if it went the way of all Christmas circulars — will find *themselves uneasily admitting* that in their hearts, they know he is right. Insider dealing, like certain other acts, between con*senting adults, may* be deplorable, but it is an ill subject for the law.

Definition

The core of the legal problem is one of definition. If an insider is simply a director, adviser or executive of a company, it is only too easy for him to pass on his information to someone — a relation, close friend, or simply someone with information to trade—who can deal without incurring legal penalties.

If, on the other hand, an insider is anyone who directly or indirectly gets hold of inside information, you can quickly get to the stage where the only safe way to buy a share is to be in a position to prove that you know nothing whatever about the company concerned, and have probably never heard of it. This is broadly the definition proposed *in the White Paper*, and as Mr. Rudd points out, it can only have been drafted by someone who has never dealt with in*dustry. Customers, suppliers*, salesmen, lift boys and probably the man who leaves the milk all get a pretty good idea when a company is in trouble, or when it has struck it rich. They could all be caught under the proposed law: but the big bad wolf who mutters to his nephew "Buy X, but don't on any account ask me why" can still get round the law.

The White Paper does, it is true, offer a loophole for the peripheral insider: he cannot be *found guilty if he can show he* was not dealing for profit. If this means anything which is not totally absurd, it means you can buy provided you don't re-sell, *or sell only if under pressure* from your creditors. Little Red Riding Hood could hardly have drafted to better purpose.

One still gets the feeling that Mr. Rudd would favour a legislative ban on insider dealing if one could escape the central difficulty involved—that of defining the offence; but I am not sure that even this bears long examination. Much of the indignation about the subject seems to me to rest on two beliefs that have more to do with myth than with fact. The first is the assertion that the City is entirely respectable and moral apart from one or two rogues—the insider as outsider, you might say. The second is the belief that inside information makes profits.

Now so far as the City is in fact a club for gentlemen, as in many respects it undoubtedly is, the existence of the club provides its own sanctions. When a blatant misdoer appears, as Mr. Rudd puts it, "we can all unite in deploring it and in taking steps to disoblige the offender." But to try to pretend it is a club without privileges is plain hypocrisy, as anyone must admit who was ever in the old cartelised days invited to sign a bit of under-writing to pay for his holidays, or who has more recently tried to ignore the pecking order in placing Eurodollar paper, for example. It is a matter of who you know *and* what you know. To construe Mr. Rudd again: "I am an analyst: you are well informed; he is a dirty insider."

Misdeeds

A successful company chief who also happens to abuse his position to some extent can also *remain pretty popular, even* when his misdeeds are known: if everyone gets rich, he is entitled to a little extra. I *remember that many share*holders in British Printing remained loyal supporters of Mr. Wilfred Harvey despite the *allegations against him*. The insider we all hate is the boardroom rat who deserts his sinking company before the shares collapse: but he is usually caught.

Even when he is, I would listen sympathetically to his cries of inoccence; for every dealer knows how spectacularly wrong directors can be about their own prospects. I am thinking of Mr. X.Y., still with us, who put a large legacy of his wife's into his own company just as the shares started falling from pounds to pence; or my late uncle, whose tips about his firm were so consistently wrong. If the new law brings such cases *into the open it may be justified* in terms of comedy; but not of realistic justice.

FILM AND VIDEO — BY JOHN CHITTOCK

The growing dominance of the screen

FEW PEOPLE in the video industry doubt that 1978 is going to be a very important year. The viability of the booming market in home video*cassettes may be confirmed in* the U.S.—where sales are expected to top 1m. and the new generation of long-playing videocassette machines, tailored for domestic customers, becomes available in the U.K. Also, the test launch of the Philips/MCA video disc player is due in the U.S. this autumn. Other developments will surface such as new large-screen TV projectors, second generation video games with programmable inputs, and extended marketing trials of the *Post Office's Viewdata system* (which displays data on the home TV screen by dialling it up on the telephone).

The common denominator is a screen. Somewhere, someone is being enticed to spend a part *of their day watching images* on a screen. The range of competition is now considerable and fierce, exemplified by *Star Wars*, which can be seen not only in the cinema, but has also arrived in London on Super 8mm. film for those with home movie projectors. The domination of screens has now thoroughly permeated our educational systems, *reaching beyond schools to* specialist fields such as medical training: one unusual example is in West Germany, where the world's only commercial video disc system — Telefunken's TeD — is providing a further-*education subscription service* for doctors. Along with medical up-dating, subscribers can also use the system for home entertainment.

Multi-cinema

The cinema has not been idle in this battle. It is not merely *spending power it is com*peting for, but viewing time as well. The cinema industry's solution has been the multi-cinema, with more screens (and therefore, more programme choice), *fewer seats per audi*torium, and lower overheads by making one set of staff serve two or more cinemas under the same roof.

A statistical analysis of the multi-cinema, published in the December issue of Screen *Digest*, identifies this trend: average employees per screen in the U.K. had dropped from nearly 19 in 1969 to 12 in 1976. Yet in spite of the decline in numbers of cinema buildings—1,559 in 1969 to 1,057 in 1976 — there were still 1,535 *screens* in 1976. The decline has been in average *seating capacity and admissions*—down, respectively, *from 973 to 539 and 215 to 104* over the same period.

Variety of choice seems to be the emergent formula for success, which should put a gleam into the eye of the video disc *distributors* — and provide re*newed incentive* to the cable TV operators who still hope that the Government will permit pay-TV in the U.K.

Image quality

Another traditional line of defence for the cinema, in some quarters at least, has been *image* quality. There is no doubt that the spectacle of a crisply projected film on a large screen will be more exhilarating than on an *18-inch TV set in a small* living-room. The emotional participation created by an audience *is* an important contribution to the enjoyment, too, always provided they do not rustle the crisp packets exces*sively or add shouted dialogue* of their own.

While the contribution of the *audience may be of arguable* value, the really important difference between watching a film in the cinema and on television is technical quality and choice — with the factor of convenience loaded in favour of *television*.

Large-screen television projectors are now available com*mercially for the home user* — at a price attainable by a few (about £2,000). They work, after a fashion, provided that the room is darkened and the audience sits close to the axis of the screen. Their success *partly* depends on the use of "high-gain" screens which reflect a greater proportion of the projected light back to the viewer — but only within a narrow seating plan.

Another technical shortcoming is that a television system cannot resolve the same amount of detail as a film. This means that projected or enlarged TV pictures are likely to look a little fuzzy.

Yet while the cinema, in its fight back, has been striving for quality as a unique selling point, television is *displaying* signs of caring less about technical performance. Engineering standards are high, especially in Britain where colour TV is about the best in the world. But more of the feature films being screened on television are projected (via the telecine machines) in their 16 mm. versions instead of 35 mm.: curiously, even with high-rating *spectacles like James Bond*. To the discerning viewer, it shows less sharp, sometimes poorer colour, and the tell-tale evidence of white speckles (known as "sparkle") caused by microscopic amounts of dirt on the smaller picture area of a 16 mm. frame.

There are other problems too in the transmission of feature *films on television, such as* those posed by the different aspect ratios — that is screen proportions — of the two media. With a wide-screen film transmitted on television, some of the action may be clipped off at the vertical edges of the screen. The broadcasters can minimise this effect by transferring the film first to videotape, and panning across the frame during the transfer in order to keep the action on screen. But even that sophistication is sometimes neglected by broadcasters.

While the cinema and the broadcasters fight this one out, sometimes oblivious to the impact that video discs might have on both, other public *venues are competing for screen* time. The success in the U.S. of hotel TV systems, where movies are available in bedrooms, looks like reviving interest in Europe after earlier failures.

Joint venture

One European company has allegedly acquired some 2,000 films for distribution in hotels (and to other outlets such as oil rigs, Middle East construction sites and similarly isolated environments). In France, Hachette and Reuters are co-operating in a joint hotel venture—with entertainment, in*formation and advertising* all being offered to bedrooms via the TV system; this will include Reuters' teletext service, similar to Ceefax and Viewdata.

The pressure to view is becoming immense. Presumably something has to give somewhere. We either spend less time at work and less time reading, writing or socialising, or reject the whole idea and return to the simple life.

Gifford ready to score again at Leicester

RACING — BY DOMINIC WIGAN

JOSH GIFFORD, whose amateur-ridden *Beige Prince* not only proved up to accounting for his better-fancied stablemate, Physicist, but also the odds-on *Rough and Tumble* at Leicester yesterday, could well score there again this afternoon.

The former champion jockey, responsible for 15 winners on the Midlands track since the beginning of the *1972-73 season* and the leading trainer there, saddles three: Swallow Prince, Modesty Forbids and Nougat.

My idea of the best bet from this trio is Modesty Forbids, among the runners for the Cottesmore Novices Chase.

An ultra-consistent performer last season, during which he never finished out of the frame, Modesty Forbids has had just one race to date this term. A fortnight ago at Kempton the Findon six-year-old showed that he would soon be back in the winner's enclosure with a respectable third-placed effort behind The Dealer and Albury Lad in the Feltham Novices Chase.

Although beaten a long way by the principals there, Modesty Forbids jumped well until lack of condition told three fences from home, and he will be a different proposition at Leicester.

I take him to underline his chasing potential with a clear-cut victory over the Behistoun gelding, Sanskrit, a faller on his final three apperances last term, but a 20-lengths winner from Magic Streak over this course and distance a year ago.

Swallow Prince, a noticeable disappointment when appearing to put little into his finishing effort in a division of the Pickwell Hurdle at Leicester five weeks ago, is given one more chance to produce his true form in the opener, Division One of the Croxton Park Hurdle.

LEICESTER
12.45—Swallow Prince
1.15—Paquita
1.45—Julian Swift
2.15—Modesty Forbids***
2.45—Paper Rich*
3.15—Slasher

FONTWELL
1.00—Roundtown
1.30—The Merrickstan
2.00—Alec Lewis
2.30—Sweet Kybo
3.00—Church Belle
3.30—Vaguely James

TEESSIDE
12.45—Away Swallow
1.45—Rambling Artist
2.15—Tommys Hope
3.15—Bobby Kempinski**

Condor closes gap on leader

YACHTING — BY ALEC BEILBY

HEATH'S CONDOR, which lies second to the veteran Great Britain II in the third leg of the Whitbread Round the World Race, continued to close on the leader yesterday.

Condor's skipper, Leslie Williams, yesterday radioed his position as being almost half-way between New Zealand and Cape Horn and about 1,700 miles from the South Pole.

The yacht is sailing at 11.5 knots in 20 knots of following wind and the maximum temperature is around 3 C.

Great Britain II, which had a 250-mile lead on Condor and the rest of the fleet by heading south soonest and avoiding the worst of the headwinds last week, has had that lead reduced to 120 miles.

And Williams seemed confident of catching Great Britain II before Cape Horn.

At 61 degrees south Condor is further south than all *but one* of the yachts in the last Whitbread race, and on Sunday it passed within 400 yards of an *iceberg*.

This year the pack ice has stayed closer than usual to the Antarctic land-mass.

Aboard Condor conditions are wet and cold, but morale is reported high and health good.

The crew reports that the best way to beat condensation below decks is to wait until it freezes and then break off the icicles.

Royal Academy outlines plans for print sales this year

BY ANTONY THORNCROFT

THE ROYAL ACADEMY faces a busy, and more commercial, year. Revealing its plans yesterday Sir Hugh Casson, the president, announced *developments* which should bring in more cash to meet the academy's deficit.

It is the majority shareholder in Business Art Galleries which could become the biggest purveyor of art in the country.

Business Art Galleries aims to sell original prints to companies and later, through dealers, to the public.

The prints will mainly be the work of Academicians, and appear in limited editions of around 200 at a price of from £40 *upwards*.

Paintings and sculptures will also be available; among the artists involved in the scheme are Sutherland, Hockney, Moore and *Barbara Hepworth*. The prints will be produced by the Curwen Press and marketed by Mountstream.

Other developments include the use of the Royal Academy to preview the works of art from the Von Hirsch collection, which Sothebys will sell in June and which could realise more than the £6.3m. receipts from the Mentmore sale. Another Sothebys sale, of Pacific art, will also be previewed at the academy.

The Burlington International Fine Art Fair, which took place at the Academy last month, will be repeated in autumn next year although attendances were disappointing the disposal of *works valued at £1.5m.* was considered enough of an achievement to repeat the venture.

Among the exhibitions at the Academy *this year* will be displays of Rowlandson drawings, Victorian Pops, including paintings like "Bubbles," and works by Rodrigo Moynihan and Alvar Aalto.

In 1981-82 there will be a very important exhibition of Japanese works of art; a comprehensive view of Sir Joshua Reynolds; and a display of Sir Stanley Spencer paintings.

Radio

† Indicates programme in black and white.

BBC 1

9.10 a.m. For Schools and colleges. 12.30 p.m. Closedown. 12.45 News, weather. 1.00 Pebble Mill. 1.45 Ragtime. 2.00 You and Me. 2.14 For Schools and Colleges. 3.00 Closedown. 3.20 Pobol Y Cwm. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Wally Gator. 4.25 Jackanory. 4.40 Animal Magic. 5.05 John Craven's Newsround. 5.10 Peter and the Princess. 5.35 Fred Basset.

5.40 News, weather.
5.55 Nationwide.
6.50 One More Time (London and SE and Scotland only).
7.20 The Oregon Trail.
8.10 The Good Old Days.
9.00 News, weather.
9.25 Play for To-day: "Licking Hitler."
10.25 To-night.
11.05 The Engineers.
11.30 Weather, regional news.

All regions as BBC 1 except:

Wales—3.20-3.55 p.m. Closed. 5.55-6.20 Wales To-day. 6.50 Heddiw. 7.10 Pobol Y Cwm. 7.35 Tom and Jerry. 7.45-8.10 Ask the Family. 11.30 Weather; news and weather for Wales.

Scotland—3.20-3.55 p.m. Closed. 5.55-6.20 Reporting Scotland. 11.30 Weather: news and weather for Scotland.

Northern Ireland—3.20 p.m. Closed. 3.53-3.55 Northern Ireland News. 5.55-6.20 Scene Around Six. 6.50-7.20 Here's Now. 11.30 Weather; news and weather for Northern Ireland.

England—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham); Points West (Bristol); South To-day (Southampton); Spotlight South West (Plymouth). 6.50-7.20 East: Wallis—Man and Machine. Midland: Why Are We Waiting? North: Young Music Makers. North-East: Box Clever. North-West: A Good Sing. South: Hey Look ... That's Me! South-West: Peninsula — Discovery. West: Breakthrough.

BBC 2

11.00 a.m. Play School.
2.15 p.m. Other People's Children.
3.00 Film As Evidence.
3.30 The Living City.
7.00 News, Weather.
7.05 Propaganda With Facts: the cinema and public opinion in the 1940s.
7.30 Newsday.
8.10 The Bronowski Memorial Lecture. Dr. George Steiner on: "Has Truth a Future?"
9.00 Spike Milligan in Q7.
9.30 The Man Alive Report: obsessive dieting in young girls.
10.20 Tennis.
11.05 News, weather.
11.15 The Old Grey Whistle Test.

11.40 Closedown: John Westbrook reads "A Winter Night," by James Thomson.

LONDON

9.30 a.m. Schools. 12.00 The Wotsit from Whizz-Bang. 12.10 p.m. Pipkins. 12.30 Ripe Old Age. 1.00 News at One. 1.20 Help! 1.30 Crown Court. 2.00 After Noon. 2.25 The Stars Look Down. 3.20 Looks Familiar. 3.50 Couples. 4.20 Get It Together. 4.45 Magpie. 5.10 Sportscene.

5.45 News.
6.00 Thames at Six.
6.35 Crossroads.
7.00 Dave Allen.
7.30 The Streets of San Francisco.
8.30 Rising Damp.
9.00 *Hello! The Central State Puppet Theatre of the Soviet Union.*
10.00 News.
10.30 *Glenda Jackson, Oliver Reed, Brian Deacon in "The Triple Echo."*
12.20 a.m. Close: Joe Melia reads *Buddhist poems by Christmas Humphreys.*

All IBA regions as London except:

ANGLIA

1.25 p.m. Anglia News. 2.00 Houseparty. 5.15 Emmerdale Farm. 6.00 About Anglia. 7.30 Movin' On. 12.20 a.m. Christians in Action.

ATV

1.20 p.m. ATV Newsdesk. 5.15 Mediterranean Venture: The Hundred Flows. 6.00 ATV Today. 7.00 Emmerdale Farm. 7.30 Dave Allen. 8.00 Charlie's Angels. 10.30 Gibbsville: The Turning Point of Jim Malloy.

BORDER

†1.20 p.m. Border News. 2.00 Houseparty. 5.15 Indoor League. 6.00 Lookaround. 7.00-9.00 As ATV. †12.15 a.m. Border news, weather.

CHANNEL

11.55 a.m.-1.15 p.m. Closed. 1.18 Channel news, What's On Where, weather. 5.15 The Flintstones. 6.00 Report at Six. 7.00 Treasure Hunt. 8.30 Dave Allen. 10.28 Channel news, weather. 12.15 a.m. Commentaires et Previsions Meteorologiques.

GRAMPIAN

9.25 a.m. First Thing. 1.20 p.m. Grampian News. 5.15 Wings 'n' Things. 6.00 Grampian Today, weather. 6.30 Out of Town. 7.30 Thingummyjig. 12.20 a.m. Reflections.

GRANADA

1.20 p.m. This Is Your Right. 3.20 Mr. and Mrs. 5.10 This Is Your Right. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Emmerdale Farm.

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Houseparty. 5.15 Sinbad Junior. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 7.30 The Bionic Woman. 8.30 Cuckoo in the Nest. 10.30 The Best House in London.

HTV Cymru/Wales—As HTV above except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 4.20 Y Marchog Glas a'r Wenynen a'r Fuwch Goch Gota. 4.30-4.45 Gwlad Yr. 6.00-6.15 Y Dydd. 10.30 Bywyd. 11.15 Personal Report: Human Rights. 11.45-12.30 Celebrity Squares.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

12.30 p.m. *Healthy Eating.* 1.25 Scottish news, road and weather reports. 5.15 Professor Kitzel. 5.20 Crossroads. 6.00 Scotland Today. 6.30 What's Your Problem. 7.00 Emmerdale Farm. 7.30 Dave Allen. 8.00 *Thingummyjig.* 12.20 Late Call.

SOUTHERN

1.20 p.m. Southern news, weather. 2.00 Houseparty. 5.15 Slightly Daffy. 5.20 Crossroads. 6.00 Day by Day. 7.00-9.00 As ATV. 12.15 a.m. Southern News Extra. 12.25 Weather, followed by Chief Rabbi.

TYNE TEES

9.20 a.m. The Good Word, followed by North-East news. 1.20 p.m. North-East news and Lookaround. 3.20 The Odd Couple. 5.15 Friends of Man. 6.00 Northern Life. 7.00-9.00 As ATV. 12.15 a.m. Epilogue.

ULSTER

1.20 p.m. Lunchtime. 3.20 Mr. and Mrs. 4.18 Ulster News Headlines. 5.15 Lassie. 6.00 Ulster News. 6.05 Crossroads. 6.30 Reports. 7.00-9.00 As ATV.

WESTWARD

12.27-12.30 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.15 The Flintstones. 6.00 Westward Diary. 7.00 Treasure Hunt. 8.30 Dave Allen. 10.28 Westward Late News, weather. 12.15 a.m. Faith For Life.

YORKSHIRE

1.20 p.m. Calendar. 3.20 Houseparty. 5.15 Indoor League. 6.00 Calendar. 7.00-9.00 As ATV.

RADIO 1 — 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.02 Noel Edmonds. 9.00 Simon Bates. 11.31 Peter Powell including 12.30 p.m. Newsbeat. 2.00 Kid Jensen. 4.31 Dave Lee Travis, including 5.30 Newsbeat. 7.00 Folk '78 (S) (joins Radio 2). 10.02 John Peel (S). 12.00-12.05 a.m. As Radio 2.

VHF Radios 1 and 2—6.00 a.m. With Radio 2, including 1.55 p.m. Good Listening. 10.02 With Radio 1. 12.00-12.05 a.m. With Radio 2.

RADIO 2 — 1,500m and VHF

6.00 a.m. News, weather (S). 6.02 Ray Moore with The Early Show (S) including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin, 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 p.m. Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 *John Dunn (S) including 5.45 Sports Desk.* 6.45 Sports Desk. 7.02 Folk '78 (S). 7.30 On The Third Beat (S). 8.02 Hubert Gregg at The London Theatre. 9.02 Among Your Souvenirs (S). 9.55 Sports Desk. 10.02 Beat The Record. 10.30 Tony Jacklin says Be My Guest. 11.02 Brian Matthew with The Late Show. 12.00-12.05 a.m. News, weather, motoring information.

RADIO 3 — 464m, Stereo & VHF

6.55 a.m. Weather. 7.00 News. 7.05 Overture (S). Concert: Handel, Delius, Ireland, Britten. 8.00 News. 8.05 Morning Concert (S): Mozart, Beethoven, Haydn. 9.00 News. 9.05 This Week's Composers: The Bologna school (S). 10.00 Academy of the BBC (S): Concert: Rossini, Saint-Saens. 10.35 In Short. 10.45 Academy of the BBC (S) part 2: Faure, Beethoven. 11.35 [illegible] and the Rise of European Music (S). 12.15 p.m. Midday Concert: Mozart, Berkeley. 1.00 News. 1.05 Arts Worldwide. 1.20 Concert, part 2: Prokofiev. 2.10 Beethoven from Bristol (S). 3.05 A Little Light Music (S). 4.05 Finzi's Hardy (S): song recital. 4.40 The Bliss Viola Sonata (S). *5.15 Jazz Today (S).* 5.45 *Homeward Bound* (S). 6.05 News. 6.10 Homeward Bound. 6.30 Lifelines: Work and Training. 7.30 From the House of the Dead (S): Opera by Janacek. 8.00 Janacek as Librettist. 8.20 From the House of the Dead, Act 2. 8.55 Arts Worldwide. 9.15 From the House of the Dead (S): Act 3. 10.05 The Poetic Genius of Thomas Hardy. 10.35 Haydn and Beethoven (S): piano recital. 11.25 News. 11.30 Tonight's Schubert Song (S).

RADIO 4 — 434m, 330m, 285m and VHF

‡Medium wave only.

6.15 a.m. News. 6.17 Farming Today. 6.35 Up to the Hour. 6.52 VHF: Regional news, weather. 7.00 News. 7.10 Today. 7.35 Up to the Hour. 7.52 VHF: Regional news, weather. 8.00 News. 8.10 Today. 8.45 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. ‡10.00 News. ‡10.05 Round Europe Quiz. 10.30 Daily Service. ‡10.45 Morning Story. ‡11.00 News. ‡11.05 Thirty-Minute Theatre. ‡11.35 Profile. 12.00 News. 12.02 p.m. You and Yours. 12.20 Desert Island Discs. ‡12.55 Weather; programme news; VHF (except London and SE): Regional news, weather. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour including 2.00-2.02 News. 2.45 Listen with Mother. 3.00 News. 3.05 The Pickwick Papers (S). 4.05 Gardeners' Question Time. 4.35 Story Time. 5.00 PM Reports. 5.40 Serendipity (S). ‡5.55 Weather, programme news; VHF: Regional news, weather. 6.00 News, including Financial Report. 6.30 The Burkiss Way. 7.00 News. 7.05 The Archers. 7.20 Time for Verse. 7.30 Peter Frankl (S): Piano recital. 8.15 The Divine Quest. 8.30 Peter Frankl (S), part 2. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 *The Enthusiasts.* 11.00 *A Book at Bedtime.* 11.15 Financial World Tonight. 11.30 Today in Parliament. 11.45 News, weather, followed by interlude. 12.00-12.06 a.m. Inshore Forecast.

BBC Radio London — 206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Rush Hour. 9.00 News Extra. 9.20 London Live. 11.03 In Town. 12.03 p.m. Call In, including 1.03 London News Desk. 2.03 206 Showcase. 4.03 Home Run, including London News Desk. 6.10 Look, Stop, Listen. 7.30 In Town. 8.30 All That Jazz. 10.03 Late Night London. 12.00 Close: As Radio 2.

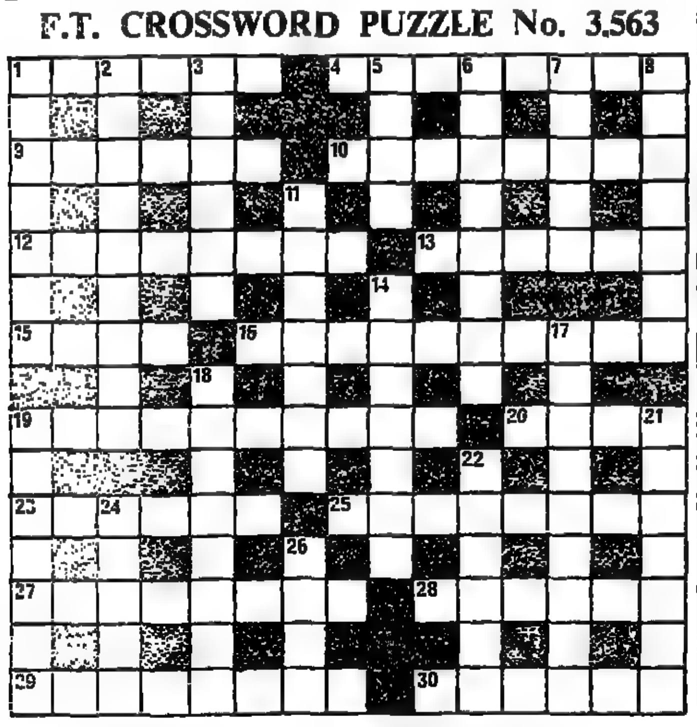
London Broadcasting — 261m and 97.3 VHF

5.00 a.m. Morning Music. 6.00 A.M. 10.00 Brian Hayes. 1.00 LBC Reports, with 3.00-4.00 George Gale's Call. 8.00 After Eight. 9.00-1.00 a.m. Nightline.

Capital Radio — 194m and 95.8 VHF

6.00 a.m. Graham Dene's Breakfast Show. 9.00 Michael Aspel. 12.00 Mike Allen with Cash on Delivery. 1.30 p.m. Loveline. 3.00 Roger Scott's Three O' Clock Thrill. 7.00 London Today. 7.30 Adrian Love's Open Line. 9.00 Jonathan King's Your Mother Wouldn't Like It. 11.00 Tony Myatt's Late Show. 2.00 a.m. Duncan Johnson's Night Flight.

F.T. CROSSWORD PUZZLE No. 3,563



ACROSS

1 Weakling involved in cod war (6)
4 American dish consisting of cake filled with meat (8)
9 Pole appearing in sullen dirge (6)
10 Application for salad during growth and at the table (8)
12 Ability to surpass a metropolis (8)
13 Summit of a hill before a slippery run (6)
15 Look askance and stagger back (4)
16 Stop and talk to a flower (6-4)
19 Want to accept metal for temperance (10)
20 Southern pitch for principal player (4)
23 Annul and fail to follow suit (6)
25 Dreadful yet attractive (8)
27 Find record finished (8)
28 Influence one *politician* to officiate (6)
29 Lands I'm entering to measure (8)
30 Wood for a *light* shoe (6)

DOWN

1 Funny company claim to be upset (7)
2 Succeed in getting eastern crowd to make a juice-extractor (4-5)
3 Get less from note to dictator (6)
5 Bird that left Noah's vessel? (4)
6 Motorway race? It must be a typographical error! (8)
7 French friend on ship is out of order (5)
8 Give English extravagant praise and impress deeply (7)
11 *Drink a half of beer to get* fatter (7)
14 Pig slaughterer takes head of sow and heart (7)
17 Finished beyond control (3, 2, 4)
18 Slim work for a spinner? (4-4)
19 Shorten a viaduct (7)
21 Caught it in real concert (7)
22 Felony on a peninsula (6)
24 Call on six to pose (5)
26 Go this way to die (4)

SOLUTION TO PUZZLE No. 3,562

هكذا من الأصل

British Museum

The joys of nature

by DENYS SUTTON, Editor of Apollo

The development of landscape painting in the 18th century is so often associated with the British School — it is considered one of our strongest claims to artistic fame — that particular interest is attached to the show "French Landscape Drawings and Sketches of the Eighteenth Century" at the British Museum. This exhibition, which has been arranged by the French authorities, is exclusively drawn from sources in France.

A survey of this type could hardly fail to be fascinating, though, as is often the case with shows in the Print Room, it is rather too large and in the aggregate the quality of the items does not quite retain the attention. One problem that has arisen in recent years, now that the scholar has so firmly ousted the aesthete (though the two can be combined), is that exhibitions are apt to be designed as if the contents were slides in a lecture or illustrations to a thesis.

This is not to deny the pleasure afforded by the exhibition, and one of our most austere historians of the French 18th century, Dr. Anita Brookner has even allowed the words "light." "flowery" and "delicate" to come from her pen when writing about it in the *Times Literary Supplement*. However, why she should claim that these adjectives have given the Rococo "a bad name" is a shade obscure. Not all admirers of French art of this period have abandoned their old love — the Goncourt taste, as it were — and indeed may even prefer it to the more severe and didactic work done at the end of the century, that is now *a la mode*.

One of the principal aims of the exhibition has been to introduce a number of less familiar artists to the public, and to some extent this has been done, at the expense of a more generous representation of the famous masters. Of all French landscapists of his age Fragonard remains the most poetic and enchanting: his red chalk drawings present an idyllic vision that can still be experienced in Rome.

The organisers have included one of Fragonard's most beautiful drawings, the *Avenue*, which was probably executed in one of the country houses of his friend Beregeret de Grandcourt, and is of a type, with its use of brown wash, that looks back to the Dutch landscapists of the previous century and ahead to certain paintings by Theodore Rousseau.

Fragonard in many ways remains a puzzling artist. It is curious—indeed almost paradoxical—that a painter who usually employed such effervescent touches in his subject paintings should often have used a darker and even duller manner in his landscapes proper. He was a man of different moods.

Robert, too, is not shown quite fully enough, and the opportunity has been missed to provide some idea of the development of an intriguing artist with a love of exotic motifs. The inclusion of two rapid pen drawings shows that he could command a vivacity of expression that was akin to Guardi's. He was as happy in a country house in Touraine as he was in Rome. He was a prey to nostalgia, but not to such an extent that he neglected the pleasure of sketching the enchanting picture hats of two ladies who are depicted drawing Roman ruins.

The exhibition has much to offer the connoisseur, as it includes works by such little-known men as Amand and Suvee whose drawings could be confused with those by more important artists. It is more interesting to see the landscapes of Mariette, Portail, Perignon (blessed name for those who revere the Doml) and Houel.

The show is presented in chronological order, so that we may observe not only the sequence of events but the emergence of differing visions. Patel offers us Arcadian dreams, Desportes realism. Oudry is one of the most underestimated artists of his time: he had a fine sense of quality and more variety than is often realised, as is shown by his oil sketches. On this occasion, he is represented by a vigorous hunting scene and one of his romantic views of the park at Arcueil, then the property of the Prince de Guise. The catalogue reminds us that, though the drawings were done without figures, during the nineteenth century "some passed through the hands of a dealer who sought to enliven them by adding figures in the costumes of the period." The catalogue, due to Roseline Bacou, Lise Duclaux and J. F. Mejanes, is an admirable production.

None of the early items has the style of Watteau's red chalk drawing, *The Finding of Moses*, in which his love of the Venetians, in this case Veronese, is blended with an evocation of the Ile de France. This drawing provides a delectable example of the way in which an artist can transpose memories of places and works of art into a creation that has its own quality, a process followed by Proust in his celebrated novel.

Boucher is not as well represented as he deserves, although the powerful drawing of *The Courtyard of a Country House* is on view. The note on his work may contain the reason for this neglect; it says that "His paintings of landscape tend to be conventionalised and decorative: but in his drawings there is a sober and at the same time sensitive realism and truth to nature . . ." Why should a painter not provide a decorative view of nature? Could it not be argued that in fact Boucher transposes his observation of nature into magical *capricci*? There are more affinities between Boucher and the late paintings of Cezanne than are realised.

Truth to nature has its place, but so does romanticism. Happily the exhibition includes one of the most evocative drawings of the period — Gabriel de Saint-Aubin's *The Walk on the Boulevard*. This is really too prosaic a title; it should be called "Lovers in Flight," for I always like to imagine that some good-natured Valmont is making off with his prize.

Two of the most unusual drawings in the exhibition are Lespinasse's panoramic views of Paris, looking north and south respectively, and it is amusing to find that both were included in the Retif de la Bretonne exhibition held at the Musee Carnavalet in 1934. Retif de la Bretonne, a strange and intriguing character, was essentially a night bird; these views are of the city that became his hunting-ground for those curious explorations into the quirks of human nature.

Italy played a large part in the artistic education of French artists and the show closes with a selection of works by Valenciennes, some of whose studies recall those of Thomas Jones, and items by Granet and Michallon. Their presence in the exhibition helps to explain the artistic background of Corot.

The exhibition affords a considerable contribution to knowledge about the French response to nature in the eighteenth century and one's only regret is that it lacks a section devoted to the art of the garden. The recent exhibition at the Hotel de Sully was a revelation in this respect, and without a proper recognition of the part played by the garden during the ancien regime, any interpretation of the French response to the "Joys of Nature" remains a shade limited.

Hubert Robert: Architectural Capriccio of Roman Buildings

New York theatre

Games people play

by FRANK LIPSIUS

A friend of mine once jokingly proposed writing on card playing in American drama, from *A Streetcar Named Desire* to the expository scenes in myriad Westerns. Though my friend intended to ridicule the trivia that become American university doctoral dissertations, had he pursued his joke a little more conscientiously, he might have written *The Gin Game*, instead of leaving the kudos and success to D. L. Coburn, whose first play by that name now appears on Broadway, directed by Mike Nichols and starring Jessica Tandy and Hume Cronyn.

Hume Cronyn and Jessica Tandy in D. L. Coburn's two-character play 'The Gin Game'

While poker would be considered the quintessential American card game, gin rummy better suits the nursing-home setting of *The Gin Game*, where the two old people meet on the porch over a rickety card table. The themes are all there: old people abandoned to indolence and entertaining themselves, the pride of winning and humiliation of losing (regardless of the role of chance in the outcome), the wealth of information even trivial events reveal about people. Old folks' habits are a source of amusement, as when Hume Cronyn taps his foot and calls out the cards as he deals. He shows great pride in his skill and Jessica Tandy acts the ingenue in deference to the man's natural role of authority, though she hardly ever loses a game.

Her winning streak provides the conflict in a well-constructed plot that follows the rhythm of the game while meandering through each player's life, the circumstances that led him to this porch to end his days and the exaggerated importance a gin game has to people with very little else to do. The man's exasperation at losing contrasts with the woman's cool self-assurance. When he finally wins a game, his confidence is so low that he accuses her of purposely losing.

Cronyn masterfully leads his character down the road from bravado to humiliation without ever fully abandoning his dignity. Less is demanded of Miss Tandy, for it is her stoicism and coldness that elicit her companion's strong reactions. A delicate reconciliation is wrecked when he accuses her of having no leniency; her merciless iron will must have alienated her whole family and, he guesses, the son she says lives far away in Denver probably lives right in town. He just has no love for a mother without affection. By now, towards the end of the play, far too much significance must be borne by the flimsy chance of who wins the card game, though the significance of the game to these old people and the depth of emotion aroused through the game all work in context, thanks to exceptional directing and acting in an unusually strong two-man play.

The clever premise of Judith A. Ross's *An Almost Perfect Person* gives great scope to Colleen Dewhurst to show off her formidable acting talents; but the play itself, after following the abortive political career of a woman standing for elective office in New York city, becomes an uninspired menage a trois when her campaign manager and chief fund raiser both decide to console her in bed. The first scene, a final campaign speech, develops into humorous confusion when, in the American style, official returns are announced precint by precint, leaving the result as a see-saw ride for the candidates.

Zoe Caldwell, directing the play, manages the exuberance generated by the election, as well as the bittersweet outcome. Miss Dewhurst listens to her manager's boundless self-esteem during moments of apparent victory and absorbs considerable abuse mixed with sympathy with the final result. It is hard to imagine just how to sustain the excitement and cleverness of the initial scenes of the play, but a more ambitious attempt to portray the strength of this unusual woman, even if it failed, would have been better than a limp recognition that women are as much entitled to lovers as men.

The Lion Theatre company, while awaiting new quarters, are mounting plays in the former Westside Airlines Terminal, an unlikely but well adapted venue in 42nd Street. Their latest production, *K*, compiled from a variety of Kafka's works and directed by Garland Wright, conveys the atmosphere of the brilliant Fritz Lang films, like *M*. The film analogy pertains not only to period but also to the imitation of film technique with a series of quick scenes in the beginning of the play. In them, the silent Josef K observes people who will return during his trial, which takes up the major portion of the play. Each of these early scenes sets up a confrontation that will emerge later; some are done twice, as though being mulled over in K's mind. Each is well done but there are too many of them, all before any explanation comes, and each affords little movement, showing usually one actor and one observer.

At times mannered but also at times elegant, the production takes a potpourri of Kafka's writing and unites it with the trial and its underlying theme that K is a man under arrest. He can do whatever he used to do as a free man, though now he must recognise he is always under observation, a state that in itself steals a man's freedom.

Another production based on a famous man's writings is undertaken at the Public Theatre with Martin Buber's *Tales of the Hasidim*, as done by the Second City theatre troupe. The Second City spawned a generation of notable entertainers, including Alan Arkin, Mike Nichols, Elaine May, Shelley Berman and the young playwright David Mamet. *Tales of the Hasidim* gives no evidence that the tradition carries on. Improvisations were the company's stock in trade: this rehearsed production draws on the informality that improvisation inspires, with actors lounging on stage and speaking directly to the audience. But the scenes have little discernible point. They seem somewhat pious and full of wise epithets delivered in sing-song Yiddish accents.

The second act, with new improvisations and repeats of successful old ones, does much better at drawing in the audience and taking advantage of the informal setting. The quality of improvisation always depends on the usefulness and appeal of the phrases and endings the audience throws at the actors. The lines were not great, but it is always fun to watch actors thinking on their feet, a feat the company performs with considerable aplomb.

Dame Edna Everage waltzed into New York with a hilarious performance by Barry Humphries in his *tour de force*, *Housewife! Superstar!* The Dame had the audience practically rolling on the floor of Theatre Four, a small off-Broadway house which was the launching pad for a national tour. The rudeness and rough edges of Humphries's performance are not the usual fare of New York theatre, making him all the more welcome and appreciated.

Covent Garden

Alfredo Kraus

by RONALD CRICHTON

The Royal Opera's latest Sunday songbird is Alfredo Kraus, the tenor from Las Palmas—a genuine canary—who has brought distinction to the world of international opera these past 20 years without losing the gleam in his voice or his debonair manner. Mr. Kraus is the nearest we have to-day to the *tenore di grazia* typified earlier this century by Tito Schipa. An Atlantic Schipa, perhaps—the sound is not so ambrosian or so fine-spun, but there is the same elegance of line and expression, the same feeling of absolute separation from baritone range and colour.

Mr Kraus showed traces of a cold on Sunday. At the beginning of each part of his recital some lower notes went dry and husky, but each time the trouble cured itself. The gleam came soon, in fact in the second of the opening group of *arie antiche*. "Tre giorni son che Nina," now re-attributed from Pergolesi to Ciampi (Poor Pergolesi, from whom musicologists take his best tunes). This group was diversified by two Alessandro Scarlatti arias from what sound in spite of their titles to have been comic operas—one of them *Pompeo*, the other possibly *Flavio Cuniberto*, now lost.

Two numbers by the once popular, now underrated songwriter Tosti, "Vorrei morire" and "Aprile," showed that Mr. Kraus has the right way with these fragile, pretty, elusive things which turn some gifted tenors clumsy. A Tosti record from this singer exploring further than the usual handful would be welcome. So indeed, to judge from Sunday, would some Rossini from the later, not really so lazy years in Paris. "L'esule" has a line of Bellinian subtlety with Schubertian dips into the major. Mr. Kraus even paid the familiar "La danza" the compliment of taking it at a sensible, moderate speed.

After the interval, France and Spain. Operatic tenors don't invariably de-vulgarise what they sing, but Mr. Kraus achieved this with Massenet's "Elegi," whose songs, even when they are on a higher level than this mawkish example, are less rewarding than those of his predecessor Gounod or his pupil Hahn. The Spanish group, including a miniature trilogy about bread, cheese and wine in La Mancha, and all by Salvador Ruiz-de-Luna, went surefootedly over some well-trodden ground. The excellent accompanist, Miguel Zanetti, was especially effective here.

First London performance

The first London performance of the *Requiem* by Geoffrey Burgon will be given in Westminster Cathedral on Tuesday, January 24, at 8.00 p.m. by the London Bach Society with Paul Steinitz as conductor. The programme will also include Bach's *Cantatas* Nos. 50, 171 and 188.

Wigmore Hall

Vidom Trio

The Vidom Trio, originally founded in the USSR ten years ago, now consists of musicians who have emigrated to Israel. Their violinist, Dora Schwartzberg, won the 1976 Carl Flesch competition in London. Sunday afternoon's concert was a foretaste of the flood of Schubert about to engulf us in the coming year — a good way of drowning, though we may be reminded more often than is comfortable that Schubert is an uncommonly difficult composer to do well.

The programme brought us the two great trios in E flat (op.100) and B flat (op.99): since they are likely, one hopes, to be heard often in the near future, this may be the moment to say that together they don't make a very good scheme, any more than two large main courses and nothing else make a satisfactory menu. The playing was good enough to make one indulgent about programme planning but not so good as to make one altogether forget such matters.

These are musicians of solid accomplishment. Their ensemble, in the sense of "keeping together," is almost faultless, nobody from beginning to end of a substantial concert made a rough or ill-tuned sound. Yet the deeper kind of ensemble that serves the spirit of the music and not only the letter only took over during the last half of the B flat trio, and even so the corporate sound there was a little fat for this music.

The pianist of the Trio, Viktor Derevianko, plays Schubertian scales with an evenness and lack of rushing that has become rare, but there was not much sign yesterday afternoon of the lightness of heart of which these works (shadowed though the music often is) are so full. In the E flat Trio, Mr. Derevianko was a fraction too strong for the cellist, Mark Drobinsky, a light-toned player but, I think, the most interesting of the three. Mr. Drobinsky more than once brought quiet distinction to phrasing and texture otherwise in danger of going heavy.

RONALD CRICHTON

Wigmore Hall

New London Consort

Five seconds into one's first item is not, perhaps, an ideal time for a singer to announce that she is indisposed. Although we could sympathise with Catherine Bott's lack of voice, it must be said that her laryngitis cast a shadow over this concert which mere seasonal goodwill on the part of the audience could not remove.

This was unfortunate, because Philip Pickett's lively group had put together a programme which had both stylistic coherence and a firm sense of direction. The aim was to show the influence of early-15th-century English composers on that last great flowering of medieval musical art at the court of Burgundy, typified in the music of Dufay. A very clear line was traced between the motets of Dunstable and Benet, heard in the first half of the concert, and the songs of Dufay in the second.

It may be heretical to say so, but I found the distilled, harmonious simplicity of Dufay somewhat pale after the ingeniously beautiful music of two Englishmen who may have worked at the court of Burgundy, Walter Frye and Robert Morton. There was, too, delightful verve in "Mi verry joy" by the (to me completely unknown) English composer John Bedyngham—a verve which Dufay succeeded in matching only in his famous "Donnés l'assault" and in "Navré je sui d'un dart penetratif."

This last item was one of the few in which John Potter did not have to be considerate to Miss Bott as a duet partner, and it let us hear his incisive and crisp tenor voice at full stretch. The nine instrumentalists were discreet accompanists, on the whole, though they were allowed to display their strength in *La Spagna* and an arrangement of Dufay's "Se la face ay pale." The most subtle playing of the evening, however, came in David Robiou's quietly sensitive accounts of several motets in their arrangements for organ, from the Buxheimer organ book. The comprehensive and informative programme book even contained manuscript reproductions of a couple of the pieces, which nicely supplied just a touch of that period sense one misses so badly in concerts such as this.

NICHOLAS KENYON

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Tuesday January 10 1978

Rocking the Irish boat

WHEN MR. JACK LYNCH, the Prime Minister of Ireland, visited Downing Street for talks with Mr. James Callaghan last September, he is said to have sought an assurance that the *Republic would be somehow* involved in any eventual settlement of the Ulster question. *Indeed it is Mr. Lynch's own* belief that the assurance was given. He was therefore surprised to find that the Queen's Speech in November contained only a reference to co-operation between Britain and Ireland on "matters of security."

Direct Rule

To that extent, but to that extent only, Mr. Lynch is entitled to claim that he has been let down by the British Government. But there can be no excuse whatsoever for the rest of his remarks on Irish Radio last weekend, nor even for the manner of his statement on Irish unity, the more so as he is a skilled enough politician to have carefully ducked the questions asked.

Mr. Lynch made three main points: that some sort of amnesty could be considered once the violence in Ulster is ended; that the British Government *should announce its intention eventually to withdraw*, and should begin to show an interest in *bringing the Irish people* together. All of these remarks are ill-timed; they also show *disturbingly little appreciation of the present situation*. It is premature to talk of an amnesty even with the violence reduced to its present level. (As a matter of fact, it actually flared up again in the New Year period.)

It is also curious to demand a British withdrawal without acknowledging that an announcement of some small force reduc*tions took place last month and* that the British Government clearly hopes that further reduc*tions can be made in the course* of this year. Not least, there is the degree of tactlessness in stressing Irish unity at a time when Mr. Roy Mason, the Northern Ireland Secretary, is engaged in talks on the political future with the Ulster parties.

It may be too much to blame Mr. Lynch for the breakdown of these negotiations. It is possible that they would have failed in any case, and certainly little progress seems to have *been made so far. What he has* done, however, is to provide the Unionists with an excuse for walking out. Mr. Harry West, the official Unionist leader, said on Sunday night that his party could only continue to participate if there were a pledge from the British Government that "interim devolution"—which is now under consideration—would not lead to power-sharing. That is a pledge which the *British* Government cannot give. In that sense, therefore, Mr. Lynch has actually defeated *his own objective. If power*-sharing was to lie at the end of the line, then the way towards it was by small steps. That way has now again been at least temporarily blocked.

The result is that we are back if not to square one, then at least to the situation that prevailed late last year. Assuming the recent outburst of violence to be a one-off affair, security is improving and so arguably are the economic prospects, but there is no progress on the political front. Mr. Mason was clearly prepared for this possibility, even without the intervention of Mr. Lynch, but it is as well to understand what it means. It means the further prolongation of direct rule until such time as a change of heart, or more probably a change of generations, among Ulster poli*ticians makes possible a resump*tion of the talks.

Blame

Mr. Mason meanwhile will no doubt rightly do his best to behave as if Mr. Lynch's broadcast never took place, and Mr. Lynch, one hopes, his best to *back-track. But it looks suspici*ously as if the damage has already been done. Not only *have the Unionists been given* the excuse to boycott the negotiations; they have also been given an opportunity to blame the South. And without the Unionists the negotiations can hardly go on.

Price progress consolidated

THE MONTHLY arrival of favourable price indicators has progressed from being a welcome novelty to being a reassuring routine, and the fact that the trend is further confirmed to-day in the new figures for wholesale output and material prices will occasion no surprise. It will be more than a pity, *however, if this means* that they are not noticed, for the fall in inflation is not only a reward for the adoption of sounder policies and a consequence of rising oil pro*duction: it is a challenge.* Unless those involved in financial planning and wage bargain*ing are taking a reduced rate of* inflation fully into account, they could find themselves uncomfortably exposed before long.

Measures of fall

It is as yet a little early to judge the underlying rate of price increases which has emerged since inflation reached *a secondary peak in the sum*mer. At the wholesale level the year-on-year rise of 15½ per cent. still substantially overstates the going rate, and it should fall sharply in each of the next two months. Last year January was chosen as the date for a general revision of price lists, and output values rose by 3½ per cent. in a single month; *this year the* signs are that revisions are less general as well as being smaller *in scale*, and the annual rate should begin to appear consistent with the achievement of single-figure inflation before too long. On the other hand, the January round is likely to produce a rise somewhat larger than the *average of less than ½* of a point in the last two months, and the five per cent. rise in the last half-year probably understates the current underlying rate.

The important point, however, is that the underlying rate itself is still falling. The index for the cost of fuels and materials has now fallen by nearly 1½ per cent. since the pound was floated at the beginning of November, and the effect of its further rise since Christmas has yet to appear; and the influence of these lower input costs on output prices has hardly begun to show yet, and will not be fully apparent for several months. Though the underlying rate may be somewhat above the 10 per cent. rate suggested by the half-year figures at the moment, it can be *expected to fall significantly* below that level by mid-year.

Expectations

While expectations are inherently difficult to measure, there are some disturbing signs that some unions — and worse, a considerable number of *employers — have not yet appre*ciated how fast inflation is abating. Some wage claims and recent indices of price and cost expectations still seem to reflect the inflationary experience of several months ago, though the reported level of actual settlements in the private sector no longer seems to *be threatening to raise* the average increase in earnings as far as the 15 per cent. which has ruled as a general guess.

The measure of what is desirable is not to be found in the Prime Minister's hints on a future wages policy — rejected by Mrs. Thatcher — or in the innocuous reports by the Price *Commission* on three examples of market power, just released. The effective restraint is the strength of *sterling — which* only gross misgovernment is likely to undermine — reinforced by the continued firmness of monetary policy, shown in the new tap issue.

In these circumstances it cannot be taken for granted that settlements above the 10 per cent. mark will simply be *reflected in a higher rate of* inflation after mid-year; at a time when inflationary forces in general are abating, part of the cost may be paid in reduced competitive edge and reduced profit margins. The employers who insist on keeping costs in line with the much lower rate of inflation which is now emerging will be the ones who prosper.

Warning signals on competitiveness

By PETER RIDDELL, Economics Correspondent

THE COMPETITIVE position *of Britain's exports is* again causing serious concern to industry and in White*hall*—less than two years after the large drop in the external value of the pound in 1976 and just as the current account moves into surplus. The question has hardly been affected by last week's central bank intervention in support of the dollar and the resulting fall in sterling.

The pound may, for the moment, have been halted below the $2 mark. But many observers and foreign exchange dealers believe the respite for the dollar could be only temporary. Moreover, all that has been lost *so far* is a couple of days rise in sterling and the current rate still represents a 21 per cent. appreciation against the dollar since the low *point in October 1976, and* a 14 per cent. increase compared with a trade-weighted basket of 20 other currencies.

Conflicting objectives

Consequently, the basic policy dilemma remains for the Government of how to reconcile the often conflicting objectives of maintaining export competitiveness, of controlling the money supply and of trying to keep the exchange rate fairly stable. This has become the subject of intense discussion among economists and indeed exchange rate policy lies at the heart of the debate about how the opportunity presented by North Sea oil should be used. The spectrum of views ranges *from those favouring a sizeable* depreciation, even below the October 1976 low point, to *others who welcome an appre*ciation.

The starting point is to find out what has happened to competitiveness and then to decide how much this matters. This runs into the immediate snag that no single indicator provides a completely adequate measure *of competitiveness. The accom*panying table includes the main indices used by the Government, including previously unpublished figures made available by the research department of the International Monetary Fund.

One problem, for example, *about the widely-used* indicator of relative export prices is that a lot of market competition turns on the ability to sell at a given price, or not at all. Thus the relative export price indicator is really one of successful quotations, not of all export prices. The other indices also have drawbacks in that like is not always compared with like in similar markets, so there is a growing tendency to place emphasis on costs as much as prices.

The best available cost evi*dence is provided by the IMF* index of relative normal unit labour costs. This is defined as *all labour costs*, including social security payments as well as wages adjusted to take account of cyclical variations in productivity and overtime. This tends to exaggerate the impact of changes in sterling, since relative non-labour costs are less affected by changes in the exchange rate. But the index is still the most suitable proxy for total costs.

The broad message of the table is that the lower the index number, the greater the com*petitiveness of U.K. exports. In* the first quarter of 1976, the official view is that the competitive position was weak according to any of the measures. The subsequent sharp drop in sterling—17 per cent. against the trade-weighted index between the first and fourth quarters of 1976—produced an immediate improvement all round.

But some of the gains of 1976 were eroded fairly rapidly last year when the pound appreciated. Although the official figures only go up to the end of the third quarter, it is clear that the indicator of relative export prices is now less favourable than before the drop in sterling two years ago. It is roughly the same story for relative import prices. This is also more or less in line with the experience of other countries and of the U.K. after the 1967 devaluation. Thus it does not *seem possible* to gain a significant competitive advantage in terms of relative export prices *for longer than a fairly short* time.

Profitability and costs

This does not necessarily mean that devaluation is unim*portant for competitiveness*, merely that it works in a different way. A National Economic Development Office study last year said it was clear that "the main advantage accruing to the firm in a devaluing country is the possibility of earning greater profits than its foreign rivals as its costs are reduced in foreign currency terms."

The fall in sterling during 1976 certainly made a *major* impact on relative costs, and hence on profitability. The relative labour cost index fell more or less in line with the exchange rate. Although some of the advantage was eroded last year when the pound rose, labour costs were not increasing much faster than overseas because of the success of Phase Two of the pay policy. The relative labour costs index is probably still a tenth lower than in the first quarter of 1976, so the U.K. has retained much of its competitive advantage on this measure, at near its 1973 position.

The implication of these indices is that there has been an improvement since early 1976 in U.K. export profit margins compared both with other countries and with home sales. What seems to have happened in the past two years is that exporters *took the advantage of the fall* in sterling primarily in terms of profits. This probably reflected both a scepticism about the extent of any long-term volume gains from cutting prices and a desire to re-build profits when rates of return generally were low, and the domestic market was sluggish.

But the improvement in relative profitability in the past two years should not be exaggerated, since the position in the first quarter of 1976 was undoubtedly unsatisfactory. So the change may only have created an adequate level of export profits rather than a margin of fat which can now be skimmed down.

It is a matter of dispute how *long the relative cost and profit* advantage can be maintained. The view held by some economists in Whitehall is that some competitive advantage in terms of unit labour costs can be retained for a few years. The example of the late 1960s is cited, when the index of relative unit labour costs did not return to its pre-devaluation level until three or four years later.

The existence of an incomes policy until 1969-70 distorts the analysis; it could be argued that the deterioration in relative unit labour costs was merely deferred for a year or two by wage controls. On this view, a fall in the exchange rate is nowadays quickly and fully reflected in domestic costs and prices as wage earners respond to the in*crease in* the price of imported goods. It appears to be the case that in countries where there is indexation of wages, such as Italy and the Netherlands, any relative labour cost advantage from a devaluatoin is shortlived.

All this highlights the difficulty of interpreting the various competitiveness indicators. The best conclusion seems to be that all the relative price advantage secured in 1976 has been eroded but there is still some cost and profit advantage left. However even this is likely to be eroded in part *if* there is further significant appreciation in sterling or, of course, if the rate of increase in earnings accelerates in the next few *months*.

The response to this trend varies between those who believe that competitiveness is almost all that matters and others who argue that such indices are almost wholly irrelevant compared with other factors. At one extreme, Mr. Wynne Godley and his colleagues of the Cambridge Economic Policy Group have condemned the rise in sterling *as a threat to* any hope of reversing the decline in Britain's manufacturing base and of cutting unemployment.

Similarly, Mr. Bryan Gould, a Labour MP and eloquent critic of the Government's exchange rate policy, has argued that the most important single reason for the poor performance of the British economy this century has been the overvaluation of the pound. Accordingly, last autumn he called for a rate against the dollar of about $1.50 in terms *of July 1977 prices*, with a further fall of 1 per cent. a month thereafter.

The exact *opposite* view is taken by the international monetarists — notably the London *Business School*. They argue that what matters for the exchange rate is the growth in the U.K. money supply relative to that in the rest of the industrialised world. They maintain that any artificial effort to hold down the exchange rate to increase the competitiveness of exports is doomed because the U.K. price level is directly tied in with the world level. On this view, the Government's attempt until last October to hold down sterling boosted the money supply and resulted in a higher rate of price inflation than need have occurred.

The Government itself is poised somewhat uneasily between these extremes. Some of Mr. Healey's most senior official advisers at the Treasury were very reluctant about last October's decision to permit *sterling to float* because of their concern about the threat to the competitive position of exports. Elsewhere in Whitehall, some ministers are known to have welcomed the appreciation because of the impact on prices and the prospect that the period of single figure inflation this year might be prolonged.

Chancellor's response

Mr. Healey himself has been rather ambiguous. For example, at last week's meeting *of Neddy, he responded to CBI* complaints about the impact of the rise in sterling by stressing *that the main need for industry* is to improve its competitiveness by boosting productivity and thus lowering unit costs.

The short-term importance of a rising exchange rate for pay *policy* should not be underrated, since a policy of exchange rate depreciation to maintain price competitiveness effectively accommodates companies who grant large wage rises. Moreover, it is arguable in the longer run that while a decline in the pound may boost the U.K.'s share of world markets, a[s] occurred last year, it wi[ll] actually encourage industry t[o] retain its present pattern o[f] production. The importance o[f] non-price competitivenes[s] should also not be underrate[d] and various Neddy studies hav[e] pointed to the need for the U.K. to move up-market in th[e] quality and nature of its pro[-]ducts. This may not be helpe[d] by a falling exchange rate.

It is clearly a question o[f] balance, as Professor Geoffr[ey] Maynard pointed out in a[n] article in the Financial Tim[es] on December 30. The advocat[es] of depreciation certainly unde[r]rate the scope for reducing i[n]flation resulting from a stro[ng] pound. But this policy can[not] be taken too far and last b[e] long unless an improvement [in] industrial performance occ[urs] and the rise in labour costs [is] contained. The competitivene[ss] indicators are at present mar[king] a warning signal, but one th[at] is likely to result in Governme[nt] action if the pound looks li[kely] going above $2 for much lon[ger] than a few weeks.

MEASURES OF BRITISH COMPETITIVENESS

	Relative export prices*	Import price competitiveness†	Relative wholesale prices‡	Relative normal unit labour costs§	Relative profitability of exports¶
1970	100.0	100.0	100.0	100.0	100.0
1971	102.2	104.2	106.9	103.1	104.6
1972	102.6	104.8	105.5	100.8	105.6
1973	94.1	98.5	90.8	91.8	101.9
1974	93.1	103.6	90.2	97.9	101.2
1975	96.5	103.7	98.5	99.2	101.1
1976 1st qtr.	99.2	100.8	99.0	99.0	101.2
2nd qtr.	94.4	95.1	91.4	91.8	97.9
3rd qtr.	96.0	93.7	90.2	90.1	96.2
4th qtr.	90.4	90.9	88.8	82.4	95.1
1977 1st qtr.	95.5	96.4	92.1	85.1	95.6
2nd qtr.	97.4	98.3	93.7	85.2	97.3
3rd qtr.	99.0	101.1	93.6	86.4	97.8

* Unit value of U.K. exports of manufactures divided by a weighted average of the unit values of competitors' exports of manufactures, both expressed in a common currency. Figures for the second and third quarters of 1977 are Treasury estimates. † Index of U.K. wholesale output prices of manufactures other than food, drink or tobacco, divided by the unit value of imports of finished manufactures. ‡ Index of U.K. wholesale output prices of manufactures other than food divided by a weighted average of the indices of competitors' wholesale prices of manufactures, both expressed in a common currency. Figure for the third quarter of 1977 is a Treasury estimate. § U.K. normal labour costs per unit of output divided by a weighted average of competitors' normal unit labour costs, both series being expressed in a common currency and adjusted for variations in productivity about its long-term trends. The series is calculated and made available by the Research Department of the IMF. The figure for the third quarter of 1977 is a Treasury estimate. ¶ Index of U.K. wholesale output prices of manufactures other than food divided by the unit value of U.K. exports of manufactures.

Source: Monthly Review of External Trade and IMF.

MEN AND MATTERS

That winning bedside manner

"There's one big mistake," said Dr. Michael Sinclair, pointing to a long, adulatory newspaper story about Allied Investments' £250m. hospital deal in Saudi Arabia. "It fails to mention the man who landed us the contract."

Sinclair says it was neither he *nor Sir Richard Marsh, his* chairman, but Bryan McSwiney, former chief administrator of the St. Thomas's Hospital Group in London, whom he had lured into Allied Investments as director of overseas health services.

McSwiney has been the "magnet," the name on the Allied recruitment ads which enticed his other executives from secure National Health Service posts. *McSwiney, has* also spent the past eight months almost entirely in Saudi Arabia, *negotiating* the contract for two military hospitals.

Sinclair himself is a former psychiatrist, still in his mid-30s, who in 1971 turned entrepreneur in medical services for more excitement. He built up *the British Nursing Agency and* its "flying bedpan" private nursing service, then Champneys, the much-publicised health farm near Tring, before launching Allied only two years ago.

Yesterday the National Enterprise Board bid £8.1m. for 70 per cent. of Allied's shares. As Sinclair sees it, the company offers a "new kind of missionary service" to developing countries—one that makes a profit.

But the ebullient Sinclair is eager to share credit with Whitehall—especially with the Department of Health and the Foreign Office. The Cabinet Office "think tank" would blush to hear him praising the help he gets from British embassies in such places as Riyadh and Tehran.

Art hopefuls

To-morrow will be tense for candidates on the short list for what may be regarded as the most influential job in Britain's art world. An interviewing panel appointed by the Arts Council will be seeking the successor to Robin Campbell, who retires as the Council's director of art on March 31. Whoever follows him will have a budget of more than £2m. at their disposal for grants, bursaries and support to municipal galleries—as well as controlling the Hayward and Serpentine galleries in London.

The list of candidates for the £11,000-a-year post is a close secret, but a front-runner is *reputed to be Joanna Drew, now* Campbell's immediate deputy as director of exhibitions. Another name being put about is that of Alan Bowness, director of the Courtauld Institute, but when I asked him he replied: "Oh no, I'm one of the interviewers." A factor that may have weighed with some potential candidates *is that Sir Norman Reid, direc*tor of the Tate Gallery since 1964, is expected to retire before long—thus offering the possibility of another highly regarded administrative post. It would be somewhat unseemly to win the Arts Council prize, then soon afterwards make a play for the Tate.

"For 16 per cent. extra I'd like Peter Parker rolling out a red carpet!"

Irish brew

The row over Irish Premier Jack Lynch's views on Ulster is not the only indiscretion his government is currently being accused of. Dublin's Industry Minister, Desmond O'Malley, has just introduced what many regard as a dangerous "kiss and tell" precedent with the publication of a confidential agreement reached three years ago between the previous administration and the Bula Zinc mining concern.

In opposition, O'Malley was fiercely critical of the deal, in which the state spent nearly £10m. on a minority stake in a company the planning authorities have blocked from mining. His predecessor in office, *Justin Keating, negotiated the* agreement and still defends it. Keating has always insisted that publication of the Bula agreement would break the principle of confidentiality and discourage potential investors from becoming involved with the Irish authorities. He yesterday described O'Malley's action as "horrendous." For his part, O'Malley insists that the Bula question is fundamentally different from the secret agreements the state generally makes with commercial interests. He was clearly taken aback, though, by the rare spectacle in Dublin last night of journalists berating him for making some spicy information available to them.

Flights of fancy

If you were to be overcharged on an air ticket you bought in Paris, then British Airways gallantly gave you a refund in London in sterling, at what rate would you expect those extra francs to be converted? Simple folk might look in their FT for the going rate, which now stands at just over nine francs to the pound. In fact, BA would reimburse you at 13.338 to the pound, *leaving* you much worse off—not to mention baffled and irate.

This shock has recently been administered to an international company director: although the £35 he reckons to have lost on the deal is small when set against his first-class ticket around the world, he discerns a principle at stake. He was even more bewildered upon buying another ticket from London to Nice to find that this represented a conversion at 10.05 francs to the pound. Clearly *believing this column to be* omniscient, he telephoned me and demanded an explanation.

Ever *willing, I called* the IATA office in Geneva, where a spokesman replied: "You've opened a real can of worms here." It seems that ever since the currency upheavals of 1973, and the fall in sterling, airlines have clung to the exchange rates operating then. But the old rates are obscured by what are cryptically called "currency adjustment factors." IATA has tried to persuade the airlines to calculate in Special Drawing Rights, with a total lack of success.

Observer

SOCIETY TO-DAY ON JUDGE McKINNON BY JOE ROGALY

A matter of judgment


Lord Justice Salmon


Judge McKinnon

THE POTENTIAL for harm of what Judge Neil McKinnon, QC, said in the Central Criminal Court on Friday is best understood by contrasting his words with those of Lord (then Mr.) Justice Salmon in the same court nearly 20 years ago.

In a famous case then the accused were nine youths aged between 17 and 20. They had toured the streets between Shepherds Bush and Notting Hill on a "nigger hunting" expedition. Five black men were attacked with iron bars, table legs, and other weapons. Three were seriously injured. A series of clashes between blacks and whites followed. At their trial all nine youths pleaded guilty. Passing sentence on September 15, 1958, Lord Salmon said:

"It was you men who started the whole of this violence in Notting Hill. You are a minute and insignificant section of the population who have brought shame upon the district in which you lived, and have filled the whole nation with horror, indignation, and disgust.

"Everyone, irrespective of the colour of their skin, is entitled to walk through our streets in peace, with their heads erect, and free from fear. That is a right which these courts will always unfailingly uphold.

"As far as the law is concerned you are entitled to think what you like, however foul your thoughts; to feel what you like, however brutal and debased your emotions; to say what you like, providing you do not infringe the rights of others or imperil the Queen's peace.

"But once you translate your dark thoughts and brutal feelings into savage acts such as these, the law will be swift to punish you, the guilty, and to protect your victims. . . . "

Whereupon he passed a sentence that he frankly admitted was intended to act as a deterrent, and the widespread reaction to "four years" soon indicated that it would be. Notting Hill was at peace for many years after that.

We now turn to Judge McKinnon. The essence of the case put by the prosecution was that Mr. John Kingsley Read had told a political meeting in June, 1976, that he could not refer to coloured immigrants — so he would call them "niggers, wogs and coons." In his speech Mr. Read had referred to the murder of an Asian youth at Southall, Middlesex, in what the prosecution described as tones of mock sorrow and had added, "one down, a million to go."

The judge might have remarked in his summing-up that such comments were undesirable ("to think what you like, however foul your thoughts") but that in his view it was not unlawful to utter them ("to say what you like . . . ") even under the Race Relations Act. Had he done so coldly, and with clear distaste for what Mr. Read had said, he might now be in a position to defend his words on the grounds that he had done no more than uphold the freedom of speech in an admittedly difficult case.

After all, Mr. Read was charged with using words that might incite violence; he was not in the dock for actual crimes of violence such as were committed by the Notting Hill youths 20 years previously. Lord Salmon was passing sentence; Judge McKinnon was summing up in a case in which the jury eventually acquitted the accused.

But Judge McKinnon did not restrict himself to the heart of the matter. He may see himself as simply a proponent of pure liberalism, but his summing up gave the appearance of sympathy for the point of view presented by Mr. Read.

First, he recounted a meeting with an old school friend, a maharaja, in Piccadilly. The friend called him by his old nickname, "nigger." Said Judge McKinnon, "I looked round and saw the maharaja's almost black face and said: "Whom are you calling nigger'? Neither he nor I intended any offence and if there had been such a thing as the Race Relations Act in force we would not have committed any offence against it."

Damaging

The content of this story is merely idiosyncratic; its potential harm is in its suggestion to the world at large that a well-known judge does not think very much of the proposition that the use of derogatory terms like "nigger" can be damaging. Those of whom such terms are used could contradict him easily enough; at the least the fault with which Judge McKinnon must be charged on this part of summing-up is ignorance of the fears of racial groups in certain parts of some British cities.

But there was more to come. He recalled the nursery rhymes "Ten Little Nigger Boys" and "Catch a Nigger by his toe" and wondered aloud about them. The Americans have learned at great cost to themselves that sticks and stones break our bones, and some names always hurt people. Living in the present century the judge should know. This does not mean that the use of such words is necessarily illegal; it is simply that he would have served his multiracial country better if he had not spoken at all in such a vein.

There is yet more. "The fact is," Judge McKinnon said, "a large number of our forebears went abroad. They took their families, they made their homes and they worked with the local indigenous coloured population. Such was the affection engendered by those of our forebears in the local indigenous population, in the West Indies, Jamaica, Bermuda, Guyana, and many other parts of the world, that no sooner did the white man grant independence and freedom to govern themselves than the black man wanted to follow the white man to England."

To at least some of those who experienced it, this is a needlessly offensive and innacurate account of post-war history. West Indians who came to Britain did so initially because London Transport went out to recruit them; many who have stayed, as nurses, drivers, porters, would be sorely missed if they returned to their countries of origin.

The judge was presumably attempting to explain that a political campaign against immigration is legal. This must be why he went on to set out, in familiar terms, the position of those who most vociferously oppose the presence of immigrants — that they take jobs, and homes, needed by "ordinary English folk." If the issue before him had been an everyday matter, such an exposition might have been understandable; in the matter of race, which is always emotional, it was to say the least carelessly expressed. It is true that Judge Mckinnon advised Mr. Read to use moderate language in the future. But need he have added, to the man who said "one down and a million to go," that "I wish you well?" Injudicious remarks of this kind constitute more than protection of the freedom of speech. They can all too easily be interpreted as some kind of official acquiescence in the views that were propagated.

It does not necessarily follow from this that any steps need be taken to overturn the decision in the McKinnon court. It all depends. The Attorney General and the Solicitor General will read the full transcript of the case and make up their own minds about whether the papers should be sent to the Court of Appeal, which would then make up its own mind about whether to give a ruling about how the law should be interpreted next time such a case comes up. (There is no question of reversing the acquittal of Mr. Read). In this purely judicial process the complete text is what counts, and outsiders must suspend judgment while that is scrutinised.

When it comes to the social effect of the judge's remarks as reported, we already have the evidence. The choice of words by Lord Salmon 20 years ago was plainly designed to set out the boundary between freedom of thought and speech, and the necessary protection of racial minorities from violent assaults: it did not shrink from expressing an adverse opinion of racialism.

Judge McKinnon is already being interpreted in private conversations as having, shall we say, omitted to express an adverse opinion of racialism. A little more thought about the way in which such remarks are likely to be interpreted in a country in which around 4 per cent. of the permanent population is composed of racial minorities might have led to a different choice of words.

But then again it might not. Those of us who cry "woe" in matters of this kind should recognise that there is a strong current of sympathy with every word of the judge's summing-up, and a perhaps lesser current that does not find Mr. Read's words particularly abhorrent. To visitors to England, particularly Americans, the uninhibited use of racially insulting expressions on British radio and TV and in the newspapers is extraordinary: it is hard to imagine the media in the U.S. making such hay of the phrase "wogs-niggers-and-coons-case."

The English seem to be particularly insensitive about such matters. The sheer funk of our leading politicians is likely to keep them so. When I say "sheer funk" the words are carefully chosen — for that alone, surely, is the explanation of the failure of the most prominent front benchers to show by speech and action that they oppose racialism and wish to propose policies, in every field covered by Government activity, that would help to reduce racial disadvantage. This omission from our general political debate certainly helps to nurture a climate in which anti-black feeling could grow and become more overt. Never mind the passing case of Judge McKinnon: it is the social climate in which his case has arisen that is important. Because of that climate, it is the Notting Hills of the future that we must guard against. We are still sowing the seeds.

Letters to the Editor

People can be paid

From the Chairman, Evan Steadman Communications Group.

Sir, — Mr. R. Telford, the managing director of GEC-Marconi Electronics, made the point in his review of the electronics industry in 1977 that there is a grave shortage of skilled people at all levels.

This shortage has been aggravated by the erosion of differentials and the attraction of working overseas. But the electronics industry — and others facing the same problem — can pay whatever they want to without offending Government guidelines.

All a company need do is hire its people as consultants rather than, say, as engineers. Thus those who should be rewarded, can be. And at whatever rate GEC-Marconi seeks to introduce to attract the best men currently being lured elsewhere.

Moreover, present key employees can have the suggestion put to them that premature retirement, followed by a fat consultancy contract the next day, would be beneficial to everyone.

As Charles Kingsley put it, there's more than one way to kill a cat.

And the notion that each worker should automatically get the same as his neighbour must be killed — and as soon as possible.

Evan Steadman.
34-36, High Street, Saffron Walden, Essex.

British Rail's energy

From The Chairman, British Railways Board

Sir,—A recent comment of mine on petrol tax has given rise to the belief, reflected in your correspondence, that I want massive increases in petrol tax to put more passengers on rail.

My regret at this interpretation is tempered by the wide publicity given to the fact that the real price of petrol has been allowed to fall in the U.K. since 1975.

In commenting on this, I was not advocating that petrol tax should go up overnight to restore the position. I was stressing the need to relate the price of petrol to an overall national energy policy.

As a national industry (and a relatively efficient user of energy in the transport field) we have no desire to see the nation's scarce resources squandered. As an operator in a very competitive transport market, we certainly do not wish to see the gap in costs between relative modes of transport being allowed to widen artificially.

This is not a road versus rail argument. It is a question of energy policy in the long term. We have confidence in our own contribution to an alleviation of the energy problem.

May I just add to Mr. B. Abell (December 21) that BR cannot reclaim any of the tax it pays on fuel oil used for locomotives.

Peter Parker,
222 Marylebone Road, N.W.1.

One rate of inflation

From Mr. S. Penwill.

Sir,—Reference to my records show that in April, 1975, an annual season ticket on British Rail from my local station to London cost £85.

Now the cost is £191, an increase over approximately 2½ years of over 120 per cent. or an average annual increase of about 45 per cent.; somewhat in excess of the officially stated rate of inflation!

For this increase we get the following additional "amenities." Progressively opaque brown windows to alleviate glare of daylight and to preserve the privacy of the occupiers while inscribing their graffiti. Door to door carpeting (of cigarette ends, toffee and other papers etc). Less cluttering up of the permanent way with trains. Greater benefits to the dry cleaning industry due to the dirt removed by passengers.

To think that we at one time used to make fun of Continental railways!

S. W. Penwill.
158, Fenchurch Street, E.C.3.

No case for a wealth tax

From Mr. R. Harris

Sir,—I would suggest that the best approach to the problem of a wealth tax is to consider on what types of wealth it can and should be levied.

For practical taxation purposes there are four kinds of wealth; real estate, stocks and shares, movable goods or chattels such as cars, jewellery, and old masters, and pension rights.

Taxation of pension rights would be poltically unpopular, while the less bulky types of chattel are so easy to hide that the only effective way to tax them is through VAT. We already have a higher rate of VAT on some durable goods, as well as a motor tax on cars, so there is no reason why durable goods in general should not pay a higher rate of VAT than perishable goods which cannot be used as a medium of investment.

Stocks and shares are already heavily taxed through income tax, investment income surcharge, corporation tax, capital gains tax, capital transfer tax, and stamp duty, so there is no case for taxing them further. There is a good case for a moderate wealth tax to replace the investment income surcharge, capital transfer tax, and stamp duty, but that does not appear to be what the present Government has in mind.

The same considerations apply to real estate where it is rented, which leaves owner-occupied property. The obvious way to tax this is through the re-introduction of the old Schedule "A" income tax where its absence amounts to a bigger subsidy to the owner than the effective subsidy received by the average council tenant. Just where the exemption limit should be fixed is obviously open to argument, but I would suggest exempting property with a net rateable value of less than £1,000 in inner London, £750 in outer London and the larger provincial cities, and £500 in the rest of the country.

If this was done there would be no case for a general wealth tax in present circumstances.

Richard Harris.
Flat 8, 119, Haverstock Hill, N.W.3.

Workers in the boardroom

From the General Secretary, Telephone Contract Officers Association.

Sir, — I refer to the article headed "Posting workers to the Boardroom" of January 6. This contains a statement that my union ". . . is . . . apparently not much concerned about industrial democracy anyway." The assumption made by your correspondent is quite erroneous. Had he raised the matter with me at last Wednesday's Press conference, I would have been most happy to have acquainted him with the facts. Quite simply, the TCOA is just as interested in the industrial democracy experiment being conducted within the Post Office as the largest unions and has actively sought, and secured, the fullest possible participation.

D. L. Edwards.
15, Cranford Road, Tonbridge, Kent.

Guidelines on accountancy

From the Chief Technical Officer, The Institute of Cost and Management Accountants.

Sir,—Mr. Parkin (January 5) has confused the inflation adjustment dealing with cost of sales and the profit and loss account with the adjustment which would be required to bring the balance sheet up to modern values. When adopting the averaging method suggested by the Hyde Committee, it is the average value of materials used throughout the year that we are looking for. Not the value at the year-end.

Using Mr. Parkin's figures, the cost of sales adjustment becomes a charge of £30,000, not £210,000 as he calculates. The calculation should uplift the opening stocks and reduce the closing stocks by the average index for the year. Here are the figures:

Index at start of year ...	100
Index at end of year	130
Average index	115

	Historic Account		£000 Inflation Adjusted
Opening stock	100	× 115/100	115
Purchases	730		730
	830		845
Closing stock	130	× 115/130	115
Cost of sales	£700		£730
Adjustment is	£730	—£700	=£30

Even this much lower adjustment of £30,000 must be regarded as the maximum. If the company issued stocks to sales at *average* prices, the historic amount would be higher than the £700,000 shown above, and the inflation adjustment correspondingly lower.

It is important to remember what inflation accounting is all about — to show how inflation distorts company results.

Bernard Cox.
68, Portland Place, W.1.

The bad old days

From Mr. N. Dewhurst.

Sir,—One sympathises with Mr. J. Talbot (January 6) when he complains about inefficiencies which occur with the use of computers, but the problem lies mainly with the programming rather than with the machines themselves.

One is constantly hearing that "The computer has made a mistake" whereas the true position is that the blessed machines do exactly as they are told and in many years' experience with a very large computer set-up, I have never known a mistake that could be put down to the machine itself.

I cannot accept that the use of computers is merely "To satisfy starry-eyed enthusiasts," as Mr. Talbot suggests, as in my own profession (banking), we could not have coped with the tremendous expansion of business in the last fifteen years without their aid.

Anyone with more than a few years' service in banking will remember the hours of tedious work involved before computers were brought in, the amount of overtime needed at the beginning of each month and the dreadful business at each Bank Rate change, not to mention the half year end, with its working and posting of charges and balancing of the books. I, and thousands of my colleagues, are eternally gateful that the "Good Old Days" have gone forever!

A practical point which Mr. Talbot may care to consider is that, again to quote from my own sphere of operations, to cope with the present workload in the average branch bank, not only would we need many more staff and a very expensive investment in machinery, but also premises two or three times the size! Bank customers will be aware that most branches are already at bursting point and the plain fact is that, without the computer, British banking would have ground to a halt years ago.

This is not to imply, of course, that everything in the bank (and other computer applications) is rosy. Anyone who deals with computers is well aware of the deficiencies in the system, but remember, the use of computers is really still in its infancy. Twenty years ago, they were part of science fiction and to-day they are a part of everyday life.

Improvements are constantly being made and it is not too much to hope that, in a very few years, computers will bring a standard of service to Bank customers and others which far surpasses that provided in the not-so-very-long-ago. What is needed is understanding and not a little patience, but the rewards will come and all will benefit in the end.

In the meantime, I wish Mr. Talbot the best of luck with his motor insurance!

Norman Dewhurst.
49, Station Road, Maghull, Liverpool 31.

Free market in currency

From the chairman, The Chelsea Group of Young Conservatives.

Sir, — Does Mr. Platt (January 5) not understand that complete freedom is the best method for reducing influences in any market? Monopolies cannot exist in a truly free market.

Speculators are a necessary part of the market place, which is more than can be said for Governments, as, in fact, they help create a market in which those with business can protect their financial and stock positions.

If Mr. Platt would try to imagine a totally free market in currency, where all could buy or sell foreign exchange at the market price and could hold their financial assets in any currency they chose, he would realise that the "selfish" motives of all these people and those of the "foreign speculators" would create a true and stable market without any "help" from the interventionists.

Charles Smedley.
25B, Bolton Gardens, S.W.5.

To-day's Events

GENERAL

Prime Minister continues visit to India.

King Hussein of Jordan expected to meet President Sadat of Egypt at Aswan.

Mr. Sunao Sonoda, Japanese Foreign Minister, ends three-day visit to Moscow.

European Central Bankers end two-day monthly meeting, Basle.

International Air Transport Authority meets, Geneva.

White Fish Authority report on Fisheries of the European Community.

Mr. John Morris, Welsh Secretary, meets deputation of union representatives and other interested organisations hoping to ensure survival of Tri-Ang Pedigree works at Merthyr Tydfil, now in hands of receiver.

Nigerian-British Chamber of Commerce inaugural meeting, 69, Cannon Street, E.C.4, 3 p.m.

International Furniture Show opens, National Exhibition Centre, Birmingham (until January 15).

Sadler's Wells Theatre announces 1978 plans.

City New Year Service, St. Michael, Cornhill, E.C.3, 12.15 p.m. Preacher: the Rector, Canon Norman Motley. Those attending include Sir Peter Vanneck, Lord Mayor of London, Mr. Gordon Richardson, Governor of the Bank of England, and principals of City firms and institutions.

PARLIAMENTARY BUSINESS

House of Commons: Scotland Bill, committee.

OFFICIAL STATISTICS

Personal income, expenditure and savings (third quarter). Gross domestic product (third quarter, revised). Appropriation account of industrial and commercial companies and new acquisition of financial assets (third quarter). Retail sales (November, final). Hire purchase and other instalment credit business (November). Vehicle production (December, provisional). Housing starts, completions and grants (November).

COMPANY RESULTS

Letraset Intnl. (half-year), SGB Group (full year).

COMPANY MEETINGS

Higson's Brewery, Liverpool, 12. Stockholders Investment Trust, Winchester House, E.C., 3.30.

OPERA

Royal Opera production of Die Fledermaus, Covent Garden, W.C.2, 7.30 p.m.

BALLET

London Festival Ballet dance The Nutcracker, Royal Festival Hall, S.E.1, 7.30 p.m.

MUSIC

Lunch-time Prom, BBC Concert Orchestra, conductor Ashley Lawrence, soloist Jack Brymer (clarinet), in programme of Arnold, Beethoven and Weber, Guildhall, E.C.2, 12.15 to 2.15 p.m.

COMPANY NEWS + COMMENT

U.K. boosts Hogg Robinson to £3.2m.

DESPITE REDUCED currency benefits pre-tax profit of insurance brokers Hogg Robinson Group increased 25 per cent. to £3.2m. in the six months to September 30, 1977.

Group turnover for the period w asup from £10.6m. to £12.65m.

Mr. Morris Abbott, chairman, says the reduced currency benefits caused by the strengthening of sterling principally affected international business, but this has been more than offset by an improvement in U.K. business.

Although currency factors must be expected to continue to affect brokerage income Mr. Abbott expects that profits will continue to be buoyant, reflecting a satisfactory improvement in expense ratios.

The interim dividend is ahead from 3.25p net per 25p share to 3.63p. A 2.275p final was paid last year on record profits of £8.06m.

• comment

But for currency fluctuations, pre-tax profits from insurance broker Hogg Robinson would have been about £200,000 higher. Hogg Robinson's currency reverse will not have been influenced to a great extent by dollar factors. Dollar earnings only account for around 13 per cent. of turnover. Rather it is the weakness of African currencies (earnings from Africa account for nearly three-quarters of ex-European earnings) against sterling that has been responsible. Otherwise performance has been creditable enough. Against a background of falling interest rates, investment income, contribution some £640,000 to the pre-tax figure, has risen a tenth. As usual the best is yet to come in the second half as the rump of the renewal business is completed. The second six months represents around two-thirds of the full year performance for Hogg Robinson. Also there is around £1.6m. from the underwriting agency business to come, compared with £1.3m. On that basis £10m. for the year looks a conservative target. At 174p (down 2p) the shares stand on a prospective p/e of 8.4 and yield 5.5 per cent.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Abrasives Intnl. ...2nd int.	0.5	Jan. 26	—	—	0.56
Brown and Tawse ...int.	1.18‡	Apr. 7	1.07	—	4.31
Hogg Robinson ...int.	3.63	Mar. 30	3.25	—	5.53
Ley's Foundries and Eng.	3.25	Apr. 1	2.8	4.3	3.85
W. J. Pyke ...	0.66	Jan. 31	Nil	0.66	Nil
RFD Group ...int.	0.6	Mar. 1	0.45	—	1.43
H. Samuel ...int.	1.5	Jan. 28	—	—	7.5

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Additional 0.066p for 1976-77.

Brown & Tawse up midway

STEEL AND tube stockholders and engineers Brown and Tawse reports taxable profits for the six months to September 30, 1977 up from £1.53m. to £1.62m. on turnover of £20.65m. against £17.8m.

On reporting the full year's profit for 1976/77 of £3.05m. the directors said that there were few signs in the current year of a general upturn in demand for steel, and prospects in the short term must be viewed with caution.

They did not expect regular steel price increases to continue so frequently at so high a level while demand was so weak. The element of stock appreciation in profits in the ensuing year would be less significant and together with competition at reduced margins and operating costs rising, would make it difficult to achieve another record year.

The directors state that demand for steel and tube products remains weak. However, benefits are continuing to flow from the company's sustained investment programme, with both sales and profits showing an increase despite the very competitive trading conditions. This gives the directors grounds for confidence in the outcome for the full year.

Half-year earnings are shown to be slightly down from 7.8p to 7.7p per 25p share. The interim dividend is increased to 1.179p (1.072p) net, and an additional dividend of 0.066p for 1976/77 on the reduction of ACT will be paid with it—last year's final was 3.238p.

	Six months 1977 £000	1976 £000
Sales	20,653	17,798
Trading profit	2,091	1,863
Interest	334	139
Depreciation	144	98
Leasing and hire†	71	80
Profit before tax	1,620	1,530
Tax	843	796
Net profit	779	734
Preference dividends	2	2
Available	777	732
Ordinary dividends	[illegible]	108
Retained	662	624

† Of plant and vehicles.

• comment

Against the background of a depressed steel industry (U.K. steel production fell almost 8 per cent. last year) Brown and Tawse is among the better performing stockholding companies with a 16 per cent. sales increase (2¼ per cent. volume rise) in the first half. A 12 per cent. rise in trading profits is better than it looks given that the contribution from stock profits has fallen from 20 per cent. to 10 per cent. as steel prices stabilised in 1977. The pre-tax profit increase is reduced to 6 per cent. by higher interest payments, following the increase in borrowings (still less than 10 per cent. of shareholders funds) in the second half last year to finance higher stocks. However with stock profits now having less impact on overall profitability, the stockholding sector, which has generally outperformed the manufacturing side, may now face increasing pressure. Meanwhile the group says that demands has held up reasonably well aided by the on-shore oil industry in Scotland. Full year profits of £3¼m. may be possible which on a nil tax charge (allowing for deferred tax on stocks) would give a p/e of 2.7 at 88p. On a full tax charge the p/e is 5.6, while on a maximum dividend the shares yield 8.4 per cent.

BAT (Kenya) profitable but costs rising

For 1977 British American Tobacco (Kenya) made pretax profits of Kenyan£3,368,512. After tax of K£1,560,726 a net profit emerged at K£1,807,786.

Mr. B. M. Gecaga, the chairman, says the company had tobacco import problems due to the ending of tobacco supplies from Tanzania following the closure of the border with Kenya. High duties had to be paid on tobacco imported from a variety of countries including Korea and the U.S.

Though the company's Kenya tobacco development programme is proceeding satisfactorily, it cannot become self-sufficient in the immediate future and is faced with considerable cost increases in 1978 and 1979, Mr. Gecaga adds.

Electronic Machine

Mr. N. J. T. Munro has for personal reasons and at his own request become a non-executive director of Electronic Machine from January 1 but will continue as a marketing consultant to the group.

Mr. E. G. Murray and Mr. T. M. Palmer are joint acting chief executives of the group from that date.

The preliminary results for the year to April 30, 1977 will be announced later this month. For the six months to October 31, 1976, the company reported pre-tax losses of £162,000.

W. J. Pyke at £24,500 returns to dividends

Recovery was sustained at butchers W. J. Pyke (Holdings) in the second half with taxable profit of £18,558, against a loss of £100,431, for the company to end the year to June 30, 1977, at a surplus of £24,558, compared with a deficit of £84,431. Sales were ahead by £0.77m. at £5.84m.

The current year's figures indicate that the company is on its way to overcoming past difficulties, and Mr. W. J. Pyke, the chairman, tells members that, given a reasonable trading climate it will maintain and probably improve its position.

Earnings per 10p share are shown at 0.5p (loss 6.453p) and the company returns to the dividend list with a net total payment of 0.66p. There have been waivers on 388,190 shares. The last previous payment was an interim of 0.9384p for 1974/75 when there was a loss for the 12 months of £16,058.

At year end this time working capital was up £18,596 (down £141,990) with bank loans and overdrafts higher at £531,113 (£469,246).

At December 10, 1977, Cyril Hurvitz (U.K.) held a 23.29 per cent. interest.

	1976/77 £	1975/76 £
Group sales	5,835,100	5,068,538
Pre-tax profit	24,558	*84,431
Tax	20,721	†34,502
Net profit	3,837	*49,929
Minority loss	—	206
Brought forward	6,017	53,398
Dividend	5,049	—
Waivers	2,562	—
Carried forward	7,367	6,017

*Loss. † Credit.

City of Dublin Bank predicts record year

Mr. Thomas Kenny, chairman of the City of Dublin Bank expects the current year to again show a record profit after the peak £0.43m. earned in the latest year to September 30, 1977.

Mr. Kenny says the recent upsurge in the money supply and lending may prompt some restraint from the Central Bank which could retard the bank's rate of growth.

In the year just ended the bank's latest acquisitions the Irish Bank of Commerce and the Waterford Penny Bank both had splendid results, he says. The Irish Bank of Commerce again enlarged acceptance activities and developed a foreign exchange business.

The biggest sector profit earner was instalment credit, where advances increased from £5.5m. to £8m. in the year. Secured lending also increased from £4.6, to £5.3m. while at balance date deposits were £16.7m. (£15.95m.), and cash balances and Government Stocks £8.8m. (£8.7m.).

Meeting, Dublin, February 3.

Setback at Ley's Foundries

PRE-TAX profit of Ley's Foundries and Engineering was almost halved from £3.1m. to £1.68m. in the year to September 30, 1977, on turnover of £35.2m., against £32.2m., after a fall from £1.97m. to £0.81m. at halftime. The directors then said that in the steel foundry and engineering divisions the fall in profits was due a reduced demand for its products and consequent fall in profit margins. They added that the lower level of demand was expected to continue during the second half.

Stated earnings per 25p share are down from 13.71p to 7.11p. The dividend is stepped up to 4.3p (3.85p) net with a final of 3.25p.

	1976/77 £	1975/76 £
Turnover	35,195,000	32,196,000
Pre-tax profit	1,677,091	3,102,453
Tax	879,943	1,610,955
†Extraord. profit	149,827	—
Attributable	885,323	1,420,497
Retained	420,920	1,031,706

† On sales of investments.

• comment

Pre-tax profits at Ley's Foundries and Engineering almost halved last year as two of the group's largest customers, Massey Ferguson and British Leyland were hit by a series of strikes. The stoppages were largely responsible for a £1m. drop in profits from the group's major subsidiary, Ley's Malleable Castings, whose profit contribution was cut to not much more than 5 per cent. against a third last time. Elsewhere W. Shaw, the steel foundry company, supplying heavy engineering and shipbuilding customers, also had a tough year as demand from these industries slumped. There were also lower profits from Ewart Chainbelt as exports ran into problems—partly because of depressed overseas demand and partly because of the increased strength of sterling. The underlying trading situation still looks gloomy, with demand uncertain while the industrial relations outlook in the U.K. appears to be deteriorating. The shares at 59p yield 11.7 per cent. on a p/e of almost 8.

Second Great Northern revenue rise

Revenue of Second Great Northern Investment Trust for the six months to November 30, 1977, rose from £239,749 to £294,121 subject to tax of £117,239 against £97,530.

Estimated earnings per 25p share for the full year to May 31, 1978, are 1.9p compared with 1.74p. As already announced, the interim dividend is up from 0.6p to 0.7p net—last year's final was 1.16p.

Net assets per share are shown as 104.6p (103.3p).

Heavitree up to near £0.5m.

Including exceptional items of £50,825, against £42,665, Heavitree Brewery lifted taxable profit by £97,769 to a record £496,630 for the year ended October 31, 1977.

A final dividend of 10.603p raises the total for the year to 16.603p (14.865p). After tax of £253,878 (£188,576) the net balance came out higher at £242,752 (£210,385).

The company, which is unquoted, has close status.

Trevor Humphries

Mr. Morris Abbott, chairman of Hogg Robinson Group—upturn in the U.K. more than offset the adverse effect of currency factors on the international business.

RFD Group unchanged at £1.45m. for six months

ON TURNOVER ahead from £7.73m. to £8.39m. taxable profit of RFD Group, manufacturers of inflatable products, military software and specialist textiles, increased marginally from £1,446,000 to £1,454,000 in the September 30, 1977, half year.

The result is subject to U.K. tax of £0.74m. (£0.66m.) and overseas tax of £6,000 (£82,000). Earnings per share are stated at 5.21p (5.15p).

After an interim dividend stepped up from 0.45p to 0.6p net per 10p share, retained profit is £629,000 (£642,000). Last year a 0.9804p final dividend was paid on record profits of £3.14m.

Mr. D. R. B. Mynors, chairman, says that in common with other companies they are finding that the slowing down of inflation and improvement in value of sterling—both tendencies to be welcomed on general grounds—are having an adverse effect on declared profits and these pressures seem likely to continue during the second half of the financial year.

However, the last few weeks have seen a marked strengthening in the group's order books, so that prospects are encouraging.

The chairman hopes it will be possible to increase the full year's dividend substantially, but as this is dependent on the future actions of the Government he cannot say precisely what they will be able to do.

• comment

RFD's impressive growth rate over the past three years has been halted with first half profits unchanged on a sales gain of nine per cent. The inhibiting factor has been the performance of the inflatables division (last year about 38 per cent. of profits) where the shipping recession has hit sales of life rafts by the Dutch subsidiary. However, the slack was made up in the specialist textiles division (following last year's destocking) and increased sales of parachutes to emerging countries. With direct and indirect exports accounting for perhaps a third of group sales, the stronger pound is beginning to strain margins but the company is hopeful of recouping the overseas shortfall with a new range of military software, notably training simulators. On past 12 months earnings the shares, at 70p, are on a prospective p/e of 6.2 while the yield is 3.5 per cent. covered seven times.

Eagle Star new business tops £1½bn.

Net new amounts assured in the U.K. by Eagle Star Group in 1977 were £1.28bn. against £1.1bn. in 1976. This sum includes £408m., compared with £361m., in respect of capitalised values of deferred annuities.

Worldwide net new amounts assured totalled £1.58bn. (£1.3bn.).

New annual premium income in the U.K. amounted to £15.58m. (£15.25m.) while, including overseas business, the total figures were £18.96m. (£17.60m.). Total new single premiums and considerations for immediate annuities more than doubled to £87.35m. (£35.76m.). These figures arose almost entirely in the U.K. and reflect the very successful issues of bonds during the year, directors say.

ISSUE NEWS AND COMMENT

Tameside makes a double issue

Tameside Council is raising £10m. by the issue of two stocks: an offer for sale of fixed interest paper and a placing of variable stock.

The application list opens on Thursday for the offer for sale of £7m. of Metropolitan Borough of Tameside 10¾ per cent. Redeemable Stock 1984-85, at a price of £99.25 per cent. The stock is payable as to £10 on application with further calls of £40 on March 1 and £49.25 on April 10.

The placing is of £3m. of Variable Rate Redeemable Stock 1983 at £99.75 per cent. payable in full on issue.

Interest on the fixed coupon stock is payable on June 3 and December 3. The first payment next June will be £2.3797 per cent., and the stock is finally redeemable on June 3, 1985. Dealings start on Friday, January 13.

Interest on the variable is calculated in what has become a set formula. Interest will be at ¾ per cent. above six month London Inter-bank Offered Rate (LIBOR). Interest will be payable on January 12 and July 12 with the first payment of £3.582 per cent. due next July. The stock will be redeemed on January 12. Dealings are expected to start on Thursday, January 12.

Brokers to the issues are Phillips and Drew.

• comment

Tameside's fixed interest stock carries a redemption yield of 10.9 per cent. at the issue price and a running yield of 10.8 per cent. The Grampian 10¾ per cent. 1985 stock, issued last November, provides the nearest comparison and that is currently yielding 10.8 per cent. to redemption. So Tameside is not giving a lot away in terms of yield, but there is a reasonable level of demand in this market and dealers expect the issue to be more than taken up. The variable conforms to the usual pattern, except that it is the first time that a floater from a local authority has been placed rather than offered—a cheaper method from the point of view of the council. Variables are currently trading around par to a one point premium and this Tameside issue is likely to move into line with the rest when dealings start. From this week building societies can invest in variables which could increase demand. The announcement of a long tap is unlikely to have any impact on these relatively small issues even if there are some repercussions generally in the medium dated market.

LONG TAP

The Bank of England announce the issue of £800m. of 10¾ per cent. Exchequer Stock 1995 at a price of £95 per cent. payable as to £30 on application, and the balance on February 27.

Interest on the stock is payable half-yearly on January 21 and July 21. The first payment will be made next July at the rate of £4.46 per cent. The stock will be repaid at par on July 21, 1995.

The list of applications will be opened and closed on Thursday, January 12.

Letters of allotment in respect of the stock may be split into denominations of £100. They must be lodged for registration when the final instalment is paid on February 27.

ARBUTHNOT EXTRA INCOME

Arbuthnot Extra Income has, according to the latest figures published by the magazine Planned Savings, comfortably outperformed the FT All-Share Index in 1977. Although some 40 per cent. of the portfolio is in Preference shares, the capital value of the trust's units has risen by just over 36 per cent. in the year to January 1, as against a rise of 46.3 per cent. in the FT All-Share Index, and one of just under 20 per cent. in the FT-Actuaries Preference Share Index. Our reference on Saturday to the Arbuthnot Extra Income Fund marginally underperforming the FT All-Share Index was incorrect.

هكذا من الأصل

P.O. pension deficit means higher cost to consumer

BY ERIC SHORT

ARE CONSUMERS paying too much for the services provided by the Post Office simply to allow it to conform with the British pensions tradition that pension scheme liabilities should be fully funded? This is the question posed by the latest report of the Post Office Staff Superannuation Fund for the year ending March 31, 1977. This contained the valuation of the fund made at the previous year-end and showed that the deficiency in respect of past service benefits had reached £1.92bn.

The first disquieting feature is that this deficiency is getting larger with each successive valuation, despite the amounts of money paid into the fund by the Post Office to get rid of it. When the fund started at vesting date October 1, 1969, the consulting actuary to the fund R. Watson and Sons put the value of the deficit at £604m. The value of the liabilities was £985m. against an actuarial value of £381m. placed on the fund's nominal holdings of Consols 2½ per cent. The fund started with no other asset. At the first formal valuation on September 30, 1972, the deficit had grown to £1.09bn. Now it is approaching £2bn.

The actuary's report explains why the deficit has grown. Because the pay and pension increases that actually occurred in the scheme were higher than had been anticipated at the previous valuation, the actuary has now made more stringent assumptions in his new valuation.

The Post Office Act 1969 laid on the Post Office the responsibility for meeting the actuarial deficiency on the scheme out of its own resources and the Post Office elected to pay off the deficit over 20 years from April 1, 1972. By April 1, 1976, it had already made four years' payments and yet the deficit had swollen.

If the P.O. keeps its original timetable, then it will have to increase its payments substantially and that means higher prices for the consumer. The actuary's report recommends an increase from the present 11 per cent. of payroll to 13 per cent. —a jump of one-fifth.

But a closer analysis of the assumptions made by the actuary in his valuation may be a cause for further disquiet. He would appear to have remained on the optimistic side in his view of future inflation rates and future investment returns. He has assumed that real incomes will rise at 2 per cent. per annum and that investments will produce a real return of 4 per cent. per annum.

Admittedly the actuary must take a very long term view. But events of the past few years do not support these assumptions. Other consulting actuaries regard them as reasonable however, and both new assumptions are ½ per cent. lower than previously.

The PO actuary is due to make a further assessment of the position as at April this year when the revised scale of benefits necessary for the fund to Contract-out of the new State pension scheme comes into operation. The aim here is to get the two contribution changes to coincide. Nevertheless if the actuary changes his assumptions again, the deficit could grow to £2bn., despite the £234m. that the PO has injected during 1977.

The crux of the problem is twofold. The Post Office is being asked to carry an unfair burden in respect of pre-1969 pension liabilities, previously the responsibility of the Government. The Government's original endowment now proves to have been ridiculously low.

Possibly more important, the situation highlights the cost burden of funding, in advance, for inflation-linked pensions, that is, of paying in present pounds for future pounds that will be very much depreciated.

The actuary's report also reveals a future service deficit of £296m. as well, the current contribution rate for benefits in the future is inadequate. Again he is recommending an increase in these rates from 15 per cent. to 17.1 per cent. This is on top of the problem of the past service deficit.

The immediate impact of these increased levies, for which the consumer will pay, will be that the fund would have to invest £450m. a year instead of the figure for 1977 of £366m. The consumer may well echo the Carter Report's querying whether such a large fund is really necessary.

The Post Office confirms that discussions are now going on with the Government over the question of the deficiencies and what to do about them. It gives no indication of possible solutions but admits the urgency of doing something. It is difficult, however, to see how the PO can avoid moving from a fully funded to a partial funded system in which it will carry a permanent deficit.

The defenders of the fully funded principle — primarily actuaries, but also many trade unionists—point out that it introduces financial discipline and that one generation does not subsidise another. This is certainly not the case with the Post Office in its current dilemma, where the present generation has the prospect of subsidising both past and future.

H. Samuel sees peak: dividend up

MULTIPLE RETAIL jewellers, H. Samuel, predicts record results for the January 31, 1978, year and is increasing the interim dividend from 1.1p to 1.5p net per 25p share.

Directors say trading for the first 11 months has been "very satisfactory" with a successful Christmas.

The previous peak figure was last year when £9.02m. was earned before tax, and total dividends of 7.5p were paid.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's time-table.

TO-DAY

Interims:— Astra Industrial, Butterfield Harvey, Letraset International.

Finals:— Investors Capital Trust, Norfolk Capital, SGB, Saatchi and Saatchi.

FUTURE DATES

Interims:—	
Best and May	Jan. 16
Cowan De Groot	Jan. 26
Dowty	Feb. 7
Heron Motor	Jan. 12
Finals:—	
Amalfi	Jan. 13
Caplan Profile	Jan. 12
First National Finance	Jan. 13
Grand Metropolitan	Jan. 20
Lovell (Y.J.)	Jan. 23
United States and General Trust	Jan. 18
Watson and Philip	Jan. 26

Property & Reversionary

Property and Reversionary Investment Corporation has spent £950,000 on buying a 999-year lease on 250,000 sq. ft. of factory and ancillary office space in Farnborough, Hants. The premises are let to Solatron, a subsidiary of the American oil and electronics group Schlumberger, for £100,000.

This represents an initial yield of 10.5 per cent. on the basis of an average rent for the 15-year-old buildings of 40p per square foot. The key to the deal is the fact that it will generate a positive cash flow from the start. In addition there is the prospect of a rent review in 1998, or earlier if the lease is terminated by the tenant.

The buildings occupy a 15-acre site which offers some possibility of further development.

Commenting on the deal, Mr. Kenneth Rubens, managing director of Property and Reversionary, said that his company had not bought property for some time now but that he would be prepared to "go out on a limb again for something like this."

Avon Rubber to spend £4m.

A MORE than £4m. capital expenditure programme will be carried out by the Avon Rubber Company in the current year, Mr. Hugh Rogers, the retiring chairman, says in his annual statement.

He says the programme shows a continued increase in the rate of investment, and will be financed from internally generated funds.

In the last year to October 1, 1977, borrowings were further reduced, while at the same time the capital investment programme for buildings and plant was further increased to provide extra capacity.

As reported pre-tax profit of the tyres and industrial products group advanced from £2,453,455 to a record £5,416,858 in the 1976/77 year. The dividend total goes up from 8p to 9.275p net per £1 share.

Turnover and profit by activity was: tyres £25.93m. and £1.13m. (£24m. and £0.18m.); Motorway Tyres and Accessories £29.5m. and £0.39m. (£22m. and £0.08m.); Avon Rubber Company (Bridgend) £11.9m. and £0.55m. (£8.2m. and £0.02m.); processed polymers £0.53m. and £0.15m. (£0.12m. and £0.08m.); industrial polymers £19m. and £1.75m. (£16.1m. and £1.22m.); medicals £2.44m. and £0.09m. (£2.1m. and £0.28m.); inflatables £4.17m. and £0.29m. (£3.4m. and £0.18m.); and overseas £14.6m. and £0.75m. (£11.8m. and £0.4m.).

Investment income contributed £16,080 (same) to profit and associated companies £115,255 (£5,674).

Exports from the U.K. grew from £18,240,449 (21 per cent. of total turnover), to £28,919,073 (25 per cent. of turnover).

Mr. Rogers says that the improvement in profit from tyres was brought about by increased efficiency in manufacturing, selling and distribution.

Results of Avon Medicals, which specialises in the manufacture of sterile disposable medical products, fell short of expectations, but a substantial improvement in profitability is expected during 1977/78.

Overseas companies had a good year, the most profitable being the manufacturing company in Kenya.

Avon has begun the transfer of control of the operations based in Nairobi to Kenya citizens and Mr. Rogers says, "Although this entails reducing our shareholding to below 50 per cent., we believe that in both the short and the long term it will help us to achieve greater expansion and profitability."

Co-op new premiums up

The Co-operative Insurance Society announces that in the life department the new premium income rose from £19.2m. to £23.1m. in 1977 and the corresponding new sums assured amounted to £738m. compared with £674m.

CABLEFORM—95%

The one-for-ten rights issue by Cableform Group to raise £0.2m. has been taken up as to 94.95 per cent. The balance has been sold and the net proceeds distributed to entitled shareholders.

New Throgmorton

New Throgmorton Trust announces that under the terms of the trust deed constituting the capital loan stock £311,932 nominal of stock was tendered at 109.53p per unit.

This amount of stock has been accepted in full by the dealing subsidiary, for a consideration of £341,659.

The outstanding stock not held by the company or its subsidiaries now amounts to £1,786,037 nominal.

MINING NEWS

Gem sales over $2bn., but . . .

BY KENNETH MARSTON, MINING EDITOR

AS EXPECTED, world sales of rough diamonds marketed by the Central Selling Organisation on behalf of De Beers and other producers hit a new record value last year. They totalled R1.8bn., or $2.07bn. compared with the previous year's record of R1.35bn., or $1.55bn.

	Six months to June Rm.	Six months to Dec. Rm.	Year's Total Rm.
1977	[illegible]	839.3	1,802.7
1976	681.9	670.0	1,351.9
1975	333.1	458.4	788.5
1974	335.3	313.8	649.1
1973	478.7	441.9	920.6
1972	[illegible]	[illegible]	453.3
1971	220.1	226.3	446.4
1970	200.7	177.7	378.4
1969	280.1	[illegible]	494.6
1968	203.2	225.6	428.8

Despite this 33 per cent. advance, CSO sales in the second half of 1977 have not matched those of the buoyant first half, amounting to R859.3m. ($988.2m.) against R943.4m. ($1.08bn.).

The past year's unprecedented demand covered nearly all categories of diamonds, but was particularly noticable in the smaller gem stones of under 1¼ carats (there are 142 carats to the ounce) which had previously been in oversupply to the extent that the CSO was having to carry large stocks. These stocks have now been run down.

In March of last year the CSO increased gem prices by an average of 15 per cent., a big rise which followed a previous increase of 5.75 per cent. in September 1976. A major surprise last year came with an even larger price increase of 17 per cent. in December.

The last increase reflected a continuing buoyant market where diamond dealers had been paying premiums of up to 50 per cent. on CSO prices for certain qualities of the smaller stones. It suggested that the value of second-half 1977 sales would at least match that of the first six months.

The fact that the second half of 1977 has brought a fall of 8.9 per cent. on the first half will thus cause some disappointment and suggest that diamonds have gone over the crest of the wave for the time being, a view that is backed by the uncertainties surrounding the economy of the U.S., the world's largest buyer of diamonds.

In late dealings yesterday, the price of De Beers turned easier and the shares were finally showing a loss on the day of 11p at 292p. However, despite the current economic uncertainties, it should be borne in mind that the 1978 sales figure will benefit from a full year of the recent 17 per cent. increase: the CSO has never reduced prices in its long history.

Phelps hits molybdenum

THE U.S. group, Phelps Dodge, has an opportunity to further its diversification away from copper as the result of an announcement outlining a significant molybdenum discovery in southern Utah.

The discovery comes on the heels of another molybdenum find, this time by Amax, the industry leader, in Gunnison County, Colorado. Drilling by Amax is, however, further advanced and the group has talked of a "possible major deposit of competitive grade."

Phelps' announcement was made after four diamond drillholes, which intersected mineralisation at depths between 3,000 and 5,000 feet. The holes form a rough square with sides of about 800 feet. Two of the holes were completed without, as Phelps put it, "bottoming the mineralisation."

"If the mineralisation in these holes proves to be continuous, substantial tonnages of an average grade (depending on the cut-off grade used) ranging from 0.29 per cent. to 0.38 per cent. molybdenum would be present," Phelps stated.

This suggests that the grades are likely to be slightly less than those at Amax's new Henderson mine, where 0.49 per cent. at a cut-off grade of 0.2 per cent. is being exploited.

As a further basis of comparison, the Rio Tinto-Zinc subsidiary, U.S. Borax and Chemical, is continuing work on a deposit in south-east Alaska where ore grades of between 0.2 per cent. and 0.35 per cent. have been outlined.

Such assessments are inevitably tentative. Phelps stressed that an extensive drilling programme would be necessary "to determine fully the amount and grade of the mineralised body which the company believes may exist."

Phelps spokesmen yesterday were reticent about the priority to be given to further exploration work on the potential deposit, and no decision has been made on the funds to be expended this year. *But several years work will be* necessary before its economic status is recognised.

Ironically, the Phelps announcement comes just three weeks after a change in development strategy was hinted at by Mr. George Munroe, the chairman. He said in New York that the exploration budget for hardrock minerals would this year be $5m. against $7m. (£3.7m.) last year, while the budget for energy minerals would be increased.

Tronoh output holds steady

THE MALAYSIAN tin producer, Tronoh Mines, maintained production at a steady level last month and has finished its financial year with a total output of 2,246 tonnes of tin concentrates against 2,205 tonnes in 1976.

The figures are revealed to-day in statistics from the Malaysia Mining Corporation, which groups together companies formerly in the London Tin and Tronoh groups.

Despite some slippage in October Tronoh has managed to keep its production consistently above the level of 1976. Helped by the higher levels of the metal price it was able to declare in August an interim dividend of 30 cents (12.6p) before Malaysian tax at 40 per cent. This compared with 8.4 cents the previous year.

The latest production figures *offer some hope of a further high* payment, at least at the gross level.

Other mines in the MMC group have continued production at rates which do not cause any major deviation from recent trends. As expected Ayer Hitam's output remains sluggish—at 882 tonnes for the first six months against 2,903 tonnes in the same period of the previous financial year.

Berjuntai's production on the other hand has increased sharply. After eight months it stands at 3,356 tonnes against 2,882 tonnes in the same period of the 1976-77 year.

Cumulative totals for some other group operations are: 1,36[illegible] tonnes for Malayan Tin compared with 1,681 tonnes after six months, 1,238 tonnes for Southern Kinta against 1,035 tonnes after nine months, 1,046 tonnes for Southern Malayan against 1,166 tonnes after six months and 1,444 tonnes for Sungei Besi against 1,105 tonnes after nine months.

Production comparisons are listed in the following table:

	Dec. tonnes	Nov. tonnes	Oct. tonnes
Aokam	113	116	131
Ayer Hitam	137	169	162
Berjuntai	478	426	[illegible]
Kamunting	41	44	44
Kramat	42	42	35
Kuala Kampar	19	24	18
Lower Perak	23	33	28
Malayan	187	184	180
Sthn. Kinta Cons.	142	128	129
Sthn. Malayan	157	158	162
Sungei Besi	167	179	165
Tongkah Hrbr.	37	39	30
Tronoh Mines	211	213	188

MINING BRIEFS

RAHMAN HYDRAULIC TIN—December tin output 77 tonnes (November 67 tonnes).

SAINT PIRAN—Production of tin concentrates for December: U.K. (tonnes treated 14,948) 168 tonnes (70 per cent. tin metal), Malaysia 21 tonnes. November 203 and 18 tonnes respectively.

BIDS AND DEALS

Ladbroke sights victory as L & G director accepts 70p

BY JAMES BARTHOLOMEW

MR. CYRIL STEIN, chairman of Ladbroke Group, is "quite certain" that he will obtain control of Leisure and General now that Mr. C. Forbes, a director of L and G, has agreed to sell the 3 per cent. of equity he controls at 70p per share. The general offer has been similarly increased to 70p per share from the original 60p and Mr. Stein says the offer will not be increased again.

Attempting to appeal to every preference and tax position of every L and G shareholder, Ladbroke is now offering a wide range of alternative offers. Instead of cash, shareholders can opt for Ladbroke shares, loan stock, or any combination of the three.

The share terms are one Ladbroke share for every three L and G which at Ladbroke's closing price of 207p yesterday values L and G at 69p per share. The loan stock offer is simply £1 nominal of Ladbroke's 8 per cent. guaranteed unsecured loan stock 1990-92 for each L and G share, which was worth 70p per share yesterday.

Ladbroke now owns or has contracted to purchase 2,869,605 L and G shares, approximately 28 per cent. of the equity. But Mr. Stein said yesterday that another per cent. had accepted the 60p share offer and were therefore likely to accept the increased offer, while other major shareholders had indicated that they would accept the revised offer.

The conversion of Mr. Forbes could be the clincher in this bid battle. Previously, the L and G board had been able to announce that holders of 54 per cent. of the equity had agreed to reject the offer. But Mr. Forbes' holding is a part of that 54 per cent. and the opponents of the bid might now be in a minority. Moreover, there is another 10p per share on the table and since Mr. Forbes is a director, the L and G Board will no longer be unanimous if it decides to reject the higher offer.

Last night the L and G Board issued a holding statement saying that it was considering the revised bid and telling shareholders to take no action for the time being. The shares rose 7p on the day to 68p, just below the offer price.

TRANWOOD/BENSON

At an extraordinary meeting of stockholders of Benson's Hosiery 11 per cent. convertible unsecured loan stock 1977-91 to-day, a resolution was approved by which the trustees were authorised by the stockholders to waive the right to call in the stock and holders agreed to accept an increase in the interest rate to 12 per cent.

This followed a meeting of Tranwood Group shareholders held on December 29 which unanimously approved the sale of 30 per cent. of the capital in its subsidiary, Benson's, to Maurice James Industries.

"All the conditions attaching to the continued support of James for Tranwood and Benson's have now been fulfilled," announced Mr. Maurice James, chairman of both groups."

Maurice James will control 39.05 per cent. of Benson's, which in turn owns Bear Brand Hosiery and has also acquired £60,991 of Benson's 11 per cent. convertible loan stock.

BENFIELD & LOXLEY

Benfield and Loxley has changed its name to Benlox Holdings following the disposal last year of Benfield and Loxley (Developments).

At the same time the issued capital was increased by 150,000 shares, divided equally between Mr. D. W. Olney, chairman, and Grange Nominees, who act for Mr. W. M. Kudsi. Part of the agreement was that Mr. Kudsi, a Jordanian, joins the Board, together with Mr. I. C. Tickler, his British representative.

ASSOCIATES DEALS

W. L Carr and Sons purchased on behalf of Charterhouse Japhet, advisers to Coral Leisure Group, the following Ordinary shares in Pontins on January 6: 250,000 shares at 43½p, 125,000 at 43¾p, 100,000 at 44p, 300,000 at 45p, and 200,000 at 45½p. Further, on behalf of discretionary clients, they bought 100,000 Coral old Ordinary at 124½p and 4,400 new Ordinary at 125p. They also sold 26,687 Coral old Ordinary at 125½p, 50,000 at 125½p, 50,000 at 125¾p and 25,000 at 127½p.

Cazenove and Co. purchased 155,000 Newman Granger Ordinary shares at 35p for the account of Bullough.

TURNER & NEWALL

Jones Filtration, manufacturers of G.U.D. filters, has changed its name to Coopers Filtration. Acquired by Turner and Newall in April 1977, the company is now integrated with Coopers Filters. The G.U.D. range of filters continues as a brand, made by Coopers, and the Coopers heavy duty range continues to be developed and increased as the leading brand of filter elements for heavy vehicles, plant and equipment.

DALGETY/SELLAR

Dalgety announces that its principal operating subsidiary in the U.K., Dalgety U.K., has received acceptances in respect of its offers for the Preferred and Ordinary shares of George Sellar and Son of Aberdeenshire, amounting to 98 per cent. in respect of each class and that the offers have become unconditional.

UNICORN/ABRASIVES

Unicorn Industries has received acceptances of over 90 per cent. of the shares in Abrasives International for which the offer was made. Unicorn intends, in due course, to acquire compulsorily any outstanding shares.

BRIT RAIL PEN

Net asset value per Ordinary stock unit of Edinburgh and Dundee as at December 13, 1977 has been certified by Coopers and Lybrand, in accordance with the procedure set out in British Rail Pension Funds offers, at 159.9p.

Amal. Industrials share swap scheme

MINORITY shareholders in Amalgamated Industrials, in which the family interests of Norwegian financier Mr. Per Hegard hold an 84.7 per cent. stake, are being offered a Scheme whereby they will exchange their Ordinary shares—and therefore fully surrender voting power—for new Amalgamated 10.5 per cent. Cumulative Second Preference shares. In a second stage, accepting holders may then retain their new shares, with an increased income over that on the Ordinary shares and ranking ahead of the Ordinary shares, or sell them to stockbrokers Rowe Rudd for 80p cash.

On the terms of exchange of one new Preference share for four Ordinary, the cash alternative is thus equivalent to 20p a share.

The latest scheme follows an earlier proposal that Ordinary minority holders be offered around 9p a share. These terms were not accepted by the independent directors of Amalgamated and the offer was not actually made, with the full consent of the Panel, while the proposals now put forward were formulated.

Hegard interests acquired control of Amalgamated last year when Seton Trust, a subsidiary of Tagis Investments—itself controlled by a Hegard family trust—bought ATSG, which represented the interests of former chairman Mr. A. T. "Teddy" Smith.

Dealings in Amalgamated Ordinary shares were suspended in mid-December at 15½p, pending a reorganisation.

A meeting has been convened on February 3 by Order of the High Court of Justice for the minority shareholders to consider and vote on the Scheme. An extraordinary meeting is to be held on the same day for Amalgamated to consider the Scheme.

If the Scheme is sanctioned by the Court, following the approval by minority shareholders and Amalgamated, it should become effective on or about February 24.

TILLING/CLARKSON

A definitive merger agreement has been signed by Clarkson Inc. and Thomas Tilling, Mr. R. L. Stephenson, chairman of Clarkson, has reported.

This confirms the agreement in principle, announced on December 14, whereby Tilling will acquire Clarkson in a cash merger providing for the conversion of each Clarkson share into $23 cash.

The agreement is still subject to the approval of Clarkson members at a meeting proposed for February 28

COSSOR/DATA LOGIC

Cossor Electronics, the principal British subsidiary of Raytheon Co., Massachusetts, has acquired Data Logic, a computer software and systems firm for about £3.18m.

Data Logic which is based at Greenford, had sales last year of about £2.5m.

SHARE STAKES

Comben Group: Mr. W. J. B. Davies, a director, has sold 100,000 Ordinary shares. He retains a holding of about 800,000 shares.

Anglo-Indonesian Corporation: Warren Tea Holdings, a subsidiary of Warren Plantation Holdings, has acquired a further 25,000 Ordinary shares and now holds a total of 806,335 shares.

AMAX AGREES TO SASKATCHEWAN POTASH SALE

America's Amax has agreed in principle to sell its potash interests in Saskatchewan to the State-owned Potash Corp. of Saskatchewan for $C85m. (£41.1m.).

Amax said the price represents the estimated current market value of the potash interests and reflects the appreciation in their value subsequent to the acquisition by Amax Potash.

Amax added that its agreement provides for a long-term option for Potash Corporation of Saskatchewan to acquire undeveloped potash properties at Bradenbury, Saskatchewan, from another Amax subsidiary.

The option may be exercised at any time in the next ten years upon payment of $C5m.

Amax interest consists of potash ore reserves and a long-term service contract with International Minerals and Chemical Corporation (Canada) to mine and process the reserves into finished products for Amax.

Amax said under its original purchase agreement with International Minerals the latter has the right of first refusal to re-acquire the reserves on the same terms and conditions offered to Amax by any third party.

Thus, Amax said, waiver of this right by International Minerals, together with basic revisions of the service contract, must be arranged by Potash Corp. of Saskatchewan prior to finalisation of the purchase.

Share stakes

Arthur Bell and Sons: Gannochy Trust has sold 339,992 new ordinary shares. The trust's holding now amounts to 4m. Ordinary, representing 12.04925 per cent. of the Ordinary capital.

Anglo-Argentine Tramways Company: At December 3, 1977, Davis Investments (Jersey), held 374,000 shares (9.55 per cent.).

Beaumont Properties:— Welfare Insurance Company, a subsidiary of London and Manchester Assurance has disposed of 60,000 Ordinary shares, leaving a residual shareholding amounting to 1.04m. shares.

Ransome Hoffmann Pollard: Norwich Union Insurance Group has acquired further shares in the company, taking its holding as at December 20, 1977 to 1,633,374 Ordinary shares (6.00 per cent.)

John Lewis and Company: John Lewis Partnership purchased on December 30 £6,500 of 5 per cent. first cumulative Preference stock, bringing total interest to £292,832 (19.51 per cent.).

Sime Darby Holdings: Mr. Wee Cho Yaw, a director, has acquired 60,000 shares making a total holding of 2,070,000 shares.

National and Commercial Banking Group: Regional Estates Corporation now holds 21,000 5½ per cent. cumulative Preference shares (5.25 per cent.).

Laporte Industries (Holdings): Kuwait Investment Office has sold 268,750 Ordinary shares leaving a total interest of 3m. Ordinary shares (6.48 per cent.).

Associated Sprayers: On January 3, Mr. R. W. Beney acquired 221,875 shares bringing his total holding to 248,875 (6.8 per cent.) shares.

Amalgamated Metal Corporation: Norddeutsche Affinerie has increased its holding from 950,813 shares to 1,046,813 shares (16.65 per cent.).

Johnson Matthey and Co. Johannesburg Consolidated Investment Group now holds 3,961,700 Ordinary shares and not 3,956,00 as previously stated.

Wilson Walton Engineering: Wilson Walton International (Holdings) has sold 25,000 Ordinary shares leaving total holding at 1,457,300 (29.15 per cent.).

Pilkington Brothers: On May 2 Mr. L. N. Wall and Mr. J. A. S. Leighton-Boyce, directors, acquired additional non-beneficial interests in 2,404,000 Ordinary shares. On January 5, 1978, Sir Alastair Pilkington, Lord Pilkington, Mr. L. N. Wall, Mr. J. A. S. Leighton-Boyce, Mr. D. F. Pilkington and Mr. A. C. Pilkington, all directors, ceased to have a non-beneficial interest in 50,000 Ordinary shares.

Bluemel Bros: Phoenix Assurance Company has sold 20,000 Ordinary shares and now holds 106,000 shares beneficially (4.66 per cent.).

Manchester Garages: A. Quilligotti and Co. holds 404,048 shares (8.42 per cent. of the Ordinary capital). These shares were held prior to November 15, 1976.

S. Pearson and Son: As at November 1, 1977 The Cowdray Trust held 5,858,386 Ordinary shares and at October 31, 1977 The Dickinson Trust held 7,332,974 Ordinary shares.

MONEY MARKET

Exceptional assistance

Bank of England Minimum Lending Rate 6½ per cent. (since January 6, 1978)

Day-to-day credit was in very short supply in the London money market yesterday and the authorities gave exceptionally large assistance by buying an extremely large amount of Treasury bills and moderate sums of local authority bills both directly and indirectly. This was in addition to lending a moderate amount to two or three houses at MLR for repayment to-day.

The market was helped by a sizeable fall in the note circulation, this being the only factor in its favour.

Bank balances carried over the week-end were flat and there was a large excess of revenue transfers to the Exchequer over Government disbursements. Money was also drained away by the call on the Treasury 10½ per cent. 1999 stock, a factor likely to prevail over the next two or three days, and the repayment of Friday's exceptionally large official loans to the market.

Discount houses paid around 6½ per cent. for secured call loans and this rate applied for most of the day. In the interbank market overnight loans opened at 6½-6¾ per cent. and eased to 6¼-6½ per cent. for most of the day's business. Rates fell briefly to 6-6¼ per cent. but with credit still tight after the Bank's assistance, rates closed at 18-20 per cent.

Rates in the table below are nominal in some cases.

Jan. 9 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	18-20	—	—	—	7	6⅛-6½	—	—	—
2 days notice	—	—	6⅛-6½	—	—	7	—	—	—	—
7 days or 7 days notice	—	6½-6¾	6⅛-6½	—	6⅝-6¾	—	6⅛-6½	—		
One month	6½-6⅜	[illegible]	6¼-6½	6⅛-6	[illegible]	6¾	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	—	6⅛-6	6¼-6½	—	6-6⅛	5⅞	6⅛	6¾
Three months	[illegible]	[illegible]	6⅛-6¼	6⅛-6	6¾-6½	6½	5⅞-6	5⅞	[illegible]	[illegible]
Six months	6⅛-6⅛	[illegible]	6¼-6⅜	6⅛-6	6⅛-6⅝	—	—	—	[illegible]	[illegible]
Nine months	6½-6⅜	6½-6⅝	—	[illegible]	6⅞	—	—	—	—	
One year	6⅝-6½	[illegible]	6⅝-6⅛	6⅞-6½	7	—	—	—		
Two years	—	—	7⅞	—	—	—	—	—		

Local authorities and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgage rates nominally three years 9⅝-9¾ per cent.; four years 9⅞-10 per cent.; five years 10-10¼ per cent. ⊕ Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills 5⅞-6 per cent.; four-month trade bills 6⅜-6¾ per cent.

Approximate selling rate for one-month Treasury bills 5⅞-5[illegible] per cent.; two-months 5⅞-5[illegible] per cent.; and three-month 5[illegible] per cent. Approximate selling rate for one-month bank bills 6⅛ per cent.; two-month 6 per cent.; and three month 5⅞-5[illegible] per cent. One-month trade bills 6⅞ per cent.; two-month 6⅝-6¾ per cent.; and also three-month 6⅝-6¾ per cent.

Finance House Base Rates (published by the Finance Houses Association) 6½ per cent. from January 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days' notice 3-4 per cent. Clearing Bank Rates for lending 6½-7½ per cent. Treasury Bills: Average tender rates of discount 5.8826 per cent.

World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on January 9, 1978. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the U.K. and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area other than Scheduled Territories; (k) Scheduled Territory; (o) official rate; (F) free rate; (T) tourist rate; (n.c.) non-commercial rate; (n.a.) not available; (A) approximate rate, no direct quotation available; (sg) selling rate; (bg) buying rate; (nom.) nominal; (ex/C) exchange certificates rate; (P) based on U.S. dollar parities and going sterling dollar rate; (Bk) bankers' rate; (Bas) basic rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate.

Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.

Place and Local Unit	Value of £ Sterling	Place and Local Unit	Value of £ Sterling	Place and Local Unit	Value of £ Sterling
Afghanistan Afghani	79.0	Germany West Deutschmark	4.115	Paraguay Guarani	259.61
	(O)10.70(A)			P'ple's D.Rp. of Yemen (S) S. Yemen Dinar	(A)0.65465
... Lek	n.a.	Ghana (S) Cedi	2.19(sg)		
... Dinar	7.94735	Gibraltar (S) Gibraltar £	1.01	Peru Sol	(sg)(A) 242.12
... French Franc	9.0765	Gilbert Is. Aust. Dollar	1.69925	Philippines Ph. Peso	14.1619
... Spanish peseta	155.225	Greece Drachma	69.8990		
... Kwanza	n.a.	Greenland Danish Kroner	11.180	Pitcairn Is. (S) £ sterling / New Zealand $	1.8780
... (S) E. Caribbean $	5.18204	Grenada (S) E. Caribbean $	5.18204		
...tina Ar. Peso Free Rate	1169.40	Guadaloupe Local Franc	[illegible]		
		Guam U.S. $	1.9175	Poland Zloty	(Cm) 57.88 / (T) 61.60
...lia (S) Australian $	1.69925	Guatemala Quetzal	1.9175		
... Schilling	29.40	Guinea Rep. Syli	39.4855	Portugal Escudo	77.30
... Portug. Escudo	77.30	Guinea Bissau	75.8199	Port Timor Timor Escudo	77.30
...mas (S) Ba. Dollar	1.9175	Guyana (S) Guyanese $	4.89285	Principe Isle. Port. Escudo	77.30
...desh (S) Taka	27.925(sg)	Haiti Gourde	9.5875	Puerto Rico U.S. $	1.9175
...in (S) Dinar	0.758	Honduras Rep. Lempira	3.85	Qatar (S) Qatar Ryal	7.56
...ic Is. Spa. Peseta	155.225	Hong Kong (S) H.K. $	8.9480	Reunion Ile de la French Franc	9.0725
...dos (S) Barbados $††	3.835	Hungary Forint	(com) 72.67 / (nc)(T) 36.65	Rhodesia Rhodesian $	1.26815
...um B. Franc	(cm) 63.525 / (fn) 65.35	Iceland (S) I. Krona	399(bg)	Romania Leu	(cm) 9.72 / (nc)(T) 23.47
... B $	3.835	India (S) Ind. Rupee	15.7405(sg)		
... C.F.A. Franc	455½	Indonesia Rupiah	795.7525	Rwanda Rwanda Franc	178.35
...da (S) Bda. $	1.9175	Iran Rial	(A) 135	St. Christopher (S)	
... Indian Rupee	15.7405(sg)	Iraq Iraq Dinar	0.5664128		E. Caribbean $ 5.18204
... Bolivian Peso	38.35	Irish Rep (k) Irish £	1.00	St. Helena St Helena £	1.0
		Israel Israel £	30.64	St. Lucia (S) E. Caribbean $	5.18204
...ana (S) Pula	1.5980	Italy Lira	1678	St. Pierre C.F.A. Franc	455½
... Cruzeiro	33.72	Ivory Coast C.F.A. Franc	455½	St. Vincent (S) E. Caribbean $	5.18204
... Virgin Is. (S) U.S. $	1.9175	Jamaica (S) Jamaica Dollar	2.19568	Salvador El Colon	4.800
... (S) Brunei $	4.604	Japan Yen	465	Samoa (Am.) U.S. $	1.9175
... Lev	1.7427	Jordan (S) Jordan Dinar	0.578(sg)	San Marino Italian Lire	1.678
		Kampuchea Riel	2301	Sao Tome Port. Escudo	77.30
... Kyat	12.7961	Kenya (S) Kenya Shilling	15.5444	Saudi Arabia Ryal	6.64
		Korea (Nth) Won	[illegible]	Senegal C.F.A. Franc	455½
...di Burundi Franc	172.195	Korea (Sth) Won	928.075	Seychelles S. Rupee	13.53
		Kuwait (S) Kuwait Dinar	0.567	Sierra Leone (S) Leone	2.0
				Singapore (S) Singapore $	4.594
... C.F.A. Franc	455½	Laos Kip Pot Pot	383.5	Solomon Is. (S) Australian $	1.69925
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
... Ethiopian Birr	(P)3.97677	Netherlands Guilder	4.40	Utd. Arab Emirates U.A.E. Dirham	7.47
... Guinea Peseta	155.225	Neth. Ant'les Antillian Guild	3.43233	U.S.S.R. Rouble	1.307
		New Hebrides Franc	149.6295	Upper Volta C.F.A. Franc	455½
...and Is. Falkland Is. £	1.0	New Hebrides Austl. Dollar	1.69925	Vatican Italian Lire	1.678
		N. Zealand (S) N.Z. Dollar	1.8780	Venezuela Bolivar	8.24
... Danish Krone	11.120	Nicaragua Cordoba	13.43	Vietnam (Nth) Dong	(O)4.75388 / (T)4.8519
... (S) Fiji $	1.5895	Niger Rp. C.F.A. Franc	455½		
... Markka	7.78	Nigeria (S) Naira	1.18520		
... French Franc	9.0765	Norway Nrwg. Krone	10.0655	Vietnam (Sth) Piastre	1.5475(sg)
... C.F.A. Franc	455½			Virgin Is. U.S. U.S. Dollar	1.9175
... Local Franc	9.0725	Oman Sultanate of (S) Rial Omani	0.662	Western Samoa (S) Samoan Tala	1.1449
... U.F.P. Franc	164.856				
... C.F.A. Franc	455½	Pakistan Pkst. Rupee	18.96(sg)	Yemen Ryal	8.55(sg)
...a (S) Dalasi	[illegible]	Panama Balboa	1.9175	Yugoslavia New Y Dinar	34.6885
...any (East) Ostmark	4.115	Papua N.G. (S) Kina	1.46115	Zaire Rp. Zaire	1.57421
				Zambia Kwacha	1.4250

...part of the French community in Africa formerly ...of French West Africa or French Equatorial Africa.
...pees per pound.
...Ouguiya has replaced the CFA franc. The exchange ...made at a rate of CFA Frs.5 to one unit of the ...currency.
...rs and Issas now Djibouti.
...neral rates of oil and iron exports 8.8535.
...Mongolian tugrik has lately been reported to stand at an official commercial rate of 0.225 Russian roubles, the North Vietnamese dong at 0.306 roubles and the North Korean won at 0.7488 roubles. With the pound standing at 1.28 roubles the following relationships could be calculated for the pound: £=5.68 tugriks, £=4.18 dongs, £=1.70 won.
* Rate is the Transfer market (controlled).
†† Rate is now based on 2 Barbados $ to the dollar.
‡‡ Now one official rate.
§§ Two-tier system introduced April 26. Rate is for exports, non-essential imports and tourism. Rate for essential imports 1.73875-6.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

GERMAN NEWS

Dresdner backs denial

BY GUY HAWTIN

FRANKFURT, Jan. 9.

JUICY RUMOURS are not the sole prerogative of the London Stock Exchange; and neither is the outraged disclaimer. To-day's announcement by the Dresdner Bank, that the Federal Banking Supervisory Bureau confirms that the bank has made no losses in the foreign exchange or gold markets, is a prime example of gossip, and reaction.

The Dresdner's announcement follows last week's rumours that the bank has made no losses in dollar and gold speculation. The stories came out of Dusseldorf, and, in fairness, it has to be said that they had no major effect on the bank's share price.

On hearing the gossip, the Dresdner immediately issued a statement denying the rumours in catagorical terms. The Vereingte Wirtschaftsdienst (VWD), the West German economic news agency, carried a report, saying that the bank firmly stated that it had made no losses in either the money markets or in its precious metals business. It hurriedly followed this with another "rush" emphasising that there had been no foreign exchange losses either.

Deep research in both Frankfurt and Dusseldorf at this stage failed to unearth the faintest evidence that the Dresdner had done either better or worse than its competitors in either the currency or the precious metals markets.

However, it has to be said that few institutions as august as the "big three" West German commercial banks—the Deutsche Bank, the Dresdner Bank and Commerzbank—suffer the indignity of having rumours spread about them. Hence, the Dresdner's, to British eyes, surprisingly strong reaction.

Last week's statements were firm enough, but to-day's news that the bank had sought the aid of the Federal Banking Supervisory Bureau and its Luxembourg counterpart to establish its bona fides came as something of a surprise to foreign observers. The Dresdner's denials last week were so categoric that they were accepted at face value.

To-day's statement said that the Federal Supervisory Bureau and the Luxembourg Commissariat for the control of banks had inspected the bank's books up to the end of the first week in January. Both bodies confirmed that to the end of that period, which includes the 1977 business year, neither the bank itself nor its Luxembourg subsidiary had operated in the foreign exchange or gold markets at a loss.

Filled with righteous indignation, the Dredner ended to-day's announcement that it would in future take action against people who started unfounded rumours about its business. This, of course, is easier said than done.

German Ford peak year

FORD MOTOR'S West German subsidiary has reported a record year for 1977. Sales and turnover were up substantially, but to-day's brief statement gave no indication as to profits.

According to to-day's report, car and commercial vehicle production increased by 1.8 per cent. to 878,500 units, while sales advanced by 12.8 per cent. to 927,000 units. Turnover, as a result of price rises, advanced even more steeply. It went up by 15.9 per cent. to pass the DM10bn. point for the first time.

It was obvious that Ford, like the rest of the West German motor industry, was in for a good year with the announcement of the first half's figures. At the end of the first six months, sales were up by 6 per cent.

According to the group the figures would have been even higher if it had not been for the high proportion of production exported. During the first half, this amounted to more than 6 per cent. of total output.

Bayer acquires 97% of Miles

By Our Own Correspondent

FRANKFURT, Jan. 9.

BAYER, THE West German chemical giant, has announced that it has acquired 97 per cent. of the shares of Miles Laboratories—the U.S. manufacturers of Alka Seltzer. The group's offer for Miles shares, which expired on January 6, can therefore be counted an unqualified success.

The acquisition of Miles Laboratories, which now comes under the wing of Bayer's 100 per cent. owned U.S. subsidiary, Rhine-Chem Laboratories, marks a major step forward in the North American market. Bayer, in fact, is best known in the U.S. for a product it has not owned since the U.S. entered the First World War—Bayer Asprin.

Bayer paid $47 for each Miles share. In all, it has acquired more than 5.35m. shares in the concern at an overall net cost of just under $251.6m.

Italian court move for Credit Suisse

By Paul Betts

ROME, Jan. 9

MILAN MAGISTRATES served notice to-day to the chairman of Credit Suisse, Dr. Oswald Aeppli, that he could be called to answer alleged fraud charges against the bank. It is understood that Dr. Aeppli has been called upon to name defending counsel.

This follows allegations filed by Sig. Ferdinando Bozzo, former chairman of the Milan based Molini Certosa concern, which has been linked to the so-called "Credit Suisse scandal" against the Zurich branch of the leading Swiss bank.

Last October, Milan judicial authorities decided to sequester the majority shareholding in Molini Certosa held by Credit Suisse. Sig. Bozzo, for his part, after resigning as chairman of the Italian company in June, 1976, charged repeatedly that the Swiss bank had failed to discharge its reported undertakings to the troubled Italian food processing concern when it took final control of Molini Certosa in 1976.

John Wicks writes from Zurich: No official statement is yet available from Credit Suisse on the report from Italy. The Zurich bank owns almost the entire capital of Molini Certosa as collateral for a large loan granted to the company.

AMERICAN NEWS

Budd in exploratory bid talks

BY STEWART FLEMING

NEW YORK, Jan. 9.

BUDD COMPANY, a leading supplier of parts to the automotive industries, which had sales revenues of $1bn. in 1976, has announced that it has received a takeover approach. The company declined to name the source of the approach, saying only that exploratory conversations have taken place but that no offer has yet been received.

The company is a major supplier of doors, bumpers, truck cabs and chassis to the car industry, particularly to the Ford Motor Company which is Budd's largest customer. At the current market value of its stock, a purchaser would have to pay at least $200m. for all its close to 7m. shares.

But in the light of recent U.S. takeover trends, it is more than likely that a bidder would have to pay a substantial premium over the $30 a share around which the stock has been trading.

Gulf and Western not to extend debt offer

GULF and Western Industries will not extend the exchange offer for its 5½ per cent. convertible subordinated debentures which is scheduled to expire to-day. It said about $26m. principal amount of the Debentures have been tendered to date. There are about $275m. of the debentures outstanding.

Under the terms of the offer, Gulf and Western will issue $112.50 principal amount of 7 per cent. Subordinated Debentures series "A" due July 1, 2003, in exchange for each $100 principal amount of 5½ per cent. Debentures.

Reuter

Business leaders less confident

U.S. BUSINESS leaders are less confident than a year ago about the profits outlook for their industries, according to a Conference Board survey, reports Reuter from New York.

The survey also said the businessmen continue to express concern about the U.S. economy, with the Board's overall measure of business confidence falling to 52 in the fourth quarter from 59 in the third quarter and 71 in the second quarter of 1977.

Asked how they think 1978 net profit in their particular industries would compare with anticipated 1977 earnings, only some 46 per cent. of the executives surveyed said they see improved profits in the current year, down from 68 per cent. in a similar survey conducted in the fall of 1976.

The Board's Confidence Measure, which uses a scale of 1-to-100, is based on quarterly surveys of more than 1,500 chief executive officers of U.S. companies of various sizes. Executives are asked to appraise current economic conditions, the economic outlook for the next six months and prospects for their own industries.

The survey said the executives cited inflation and Government policy as the two major factors influencing their profit picture in 1978. The most common inflation fear is that costs will climb faster than selling prices this year and squeeze profit margins, it said.

But the executives were decidely less optimistic about the general economy than about prospects for their own industries, the survey indicated.

Between the third and fourth quarter of 1977, it said confidence for current economic conditions fell 14 points and confidence in the general outlook dropped seven points, but executives' appraisal of prospects for their own industries declined only two points.

Commonwealth Oil loans extended

COMMONWEALTH Oil Refining Inc. said its interim borrowing arrangements were further extended by its bank lenders and certain other creditors on a day-to-day basis until January ..., reports Reuter from San Antonio.

Commonwealth Oil said it will thus be able to maintain operations while it continues its attempt to work out an interim solution to its financial difficulties, "including the further development of a proposal it expects to make to Ashland Inc. and its bank lenders."

Dutch businessmen optimistic

BY CHARLES BATCHELOR

AMSTERDAM, Jan. 9

DUTCH BUSINESS is fairly optimistic about the economic prospects for the year ahead, according to the views expressed at a presidents' lunch held here to-day. But many of the 14 company chairman, representing a cross section of commerce and industry, expressed concern that they are vulnerable to world trade developments beyond their control.

Foreign business was clearly of increasing importance for many of the companies, which included Bos Kalis Westminster group, Amfas Groep, Ogem Holding, Smit Internationale and Amro Bank.

Dr. C. F. Karsten, managing Board spokesman of Amsterdam-Rotterdam Bank said Holland tried to keep in step with international trade developments but no one was setting a good pace. Contradictory statements from the American monetary authorities on the dollar have made life very difficult for international companies, Dr. Karsten said.

He was not optimistic that Japan and Germany would make the wished-for expansion of their economies. Mr. P. Kleyn Van Willigen, chairman of the tugboat and sea-going transport group Smit Internationale said there were good prospects for the transport of heavy loads by sea. The placement of oil exploration and boring equipment in the southern waters of the North Sea was half completed but there was increasing demand for repair and maintenance work.

Mr. A. Smit, a director of the Nederlandse Scheepshypot-Heek Bank, said there was a future for a small bank specialised in ship financing which could put together a financial package in as shorft a time as three weeks. The OECD's rules on financing were unrealistic however and frequently led to differing interpretations.

The trading and industrial group Ogem Holding expects continued expansion abroad this year and improved results in Holland, chairman B. J. Udink said. Several major orders in the Middle East and Indonesia are now contributing to profits. Ogem is now consolidating after the expansion of recent years.

Mr. Hans Kraayeveld Van Hemert, chairman of Bos Kalis Westminster, said that the number of mammoth orders was declining and competition was increasing. With the exception of Saudi Arabia and the United Arab Emirates most countries have cut back on spending. There is a clear trend to civil engineering works away from dredging and marine engineering. Bos Kalis expects profits to rise at least 10 per cent. in 1977. It has an order book of Fls.2.4bn. with a good geographical spread.

Foreign opportunities are limited in the publishing world, Mr. E. Bloembergen chairman of Verenigde Nederlandse Uitgevbedrijven said. Scientific publishing is one outlet however, he added.

Mr. Jan Van Someren, said 1977 was a good year for Amfas Groep. The results in the life insurance sector were reasonable to good. General insurance has been loss making but the government did allow more realistic premium increases last year. However the success of the service sectors depends ultimately on the success of Dutch trading and industrial companies.

Bredero set for expansion

BREDERO, the Dutch building company, said its net profits in 1977 rose more than 7 per cent on the 1976 level of Fls.9.7m. However, the increase in capital by Fls.1.8m. to Fls.29.6m. last month means profits per share will be about the same as in 1976. It was then Fls.35.10 per Fls.100 nominal share. Turnover rose to more than Fls.700m. in 1977 from 657m. the year before, managing board chairman Mr. A. Feddes said in Utrecht.

Profits and levels of activity are expected to be satisfactory in the current year. The construction and installation and manufacturing divisions have fuller order books than a year ago. Bredero plans further expansion of its foreign activities following the start made in Nigeria and Canada in 1977. Projects now under preparation in the U.S. are taking on a more definite form and Bredero's liquidity position is ample.

The company said its property subsidiary, Bredero Vast..G expects a favourable result in the current year. Net profit per Fls.1,000 nominal share rose to about Fls.2.45 in 1977 from Fls.226 the year before.

EUROBONDS

Prime rate rises hit dollar sector

BY MARY CAMPBELL

THE DOLLAR sector of the Eurobond market took another beating yesterday while the prices of D-mark bonds were also weaker. The sharp falls in U.S. domestic bond market in the wake of Friday's prime rate rises was one factor quoted in the dollar sector.

Denmark has launched its two-tranche DM 200m. offering via Westdeutsche Landesbank on terms which are to say the least, not generous. The issue offers an indicated 5¾ per cent. at 99, on a six year DM100m. tranche and 6 per cent. for ten years with the price left open on the other DM100m. tranche. Both are bullets.

Meanwhile, Norway's DM200m. five-year 4¾ per cent. bullet issue has been priced at par.

It is understood that a DM20m. private placement has been arranged for the South African Electrcity Supply Commission (ESCOM). The terms reportedly include an 8 per cent. coupon rate with a three year maturity and an issue price of 99¾. No issue manager is prepared to confirm that it has done the deal.

Another identical deal will reportedly be arranged in the next few days.

The terms of the deal put South Africa's credit rating lower than of any other borrower which has tapped the D-mark sector. The closest comparison was the DM50m. placement for the Jugoslav Investment Bank in December. This offered 8 per cent. at 99¼, for a six-year maturity.

BONDTRADE INDEX	Yesterday	Fri
Medium term	99.73	99.
Long term ...	93.79	93.
Convertible	106.45	106.

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

	Bid	Offer
STRAIGHTS		
Alcan Australia 8½pc 1989	98	98¾
AMEV 8pc 1987	95½	96½
Australia 8½pc 1992	96	96¾
Australian M. & S. 9½pc '92	99½	100
Barclays Bank 8½pc 1992	97½	98½
Bowater 9½pc 1992	98	98¾
Can. N. Railway 8½pc 1986	97½	98¼
Credit National 8½pc 1986	97¾	98½
Denmark 8½pc 1984	99½	100½
ECS 9pc 1995	99½	100½
ECS 8½pc 1997	98	98¾
EIB 8½pc 1992	98¾	99½
EMI 9½pc 1989	98½	99½
Ericsson 8½pc 1989	98	98½
Esso 8pc 1986 Nov.	100	100¾
Gt. Lakes Paper 8½pc 1984	99½	100
Hamersley 9½pc 1992	100½	101¼
Hydro-Quebec 9pc 1992	97	97¾
ICI 8½pc 1987	97	97¾
ISE Canada 9½pc 1986	103¼	103¾
Macmillan Bloedel 9pc '92	99	99¾
Massey Ferguson 9½pc 1991	102½	103½
Michelin 9½pc 1988	101	101¾
Midland Int. Fin. 8½pc 1992	97¾	98¾
National Coal Bd. 8pc 1987	94¾	95½
National Wstmnstr. 9pc '86	102½	103
Newfoundland 9pc 1989	100	100¾
Norges Kom. Bk. 8½pc 1992	96¾	97½
Norpipe 8½pc 1989	97	97¾
Norsk Hydro 8½pc 1992	97	97¾
Oslo 9pc 1989	99½	100½
Ports Autonomes 9pc 1991	99½	100
Prov. Quebec 9pc 1995	96½	97½
Prov. Saskatch. 8½pc 1986	100	100¾
Reed International 9pc 1987	95½	96
RHM 9pc 1992	96	96¾
Selection Trust 8½pc 1989	93½	94
Skand. Enskilda 9pc 1991	99¾	100½
SKF 8pc 1987	94½	95
Sweden (K'dom) 8½pc 1987	96½	97½
United Biscuits 9pc 1989	99	99¾
Volvo 8pc 1987 March	93½	94½
NOTES		
Australia 7½pc 1984	98	98½
Bell Canada 7½pc 1987	96	96½
Br. Columbia Hyd. 7½pc '85	95	95½
Can. Pac. 8½pc 1984	99½	100
Dow Chemical 8pc 1986	99½	100½
ECS 7½pc 1982	96¾	97½
ECS 8½pc 1989	96½	97½
EEC 7½pc 1982	97	97¾
EEC 7½pc 1984	96½	97
Enso Gutzeit 8½pc 1984	98½	97½
Gotaverken 7½pc 1982	97½	98½
Kockums 8pc 1983	97½	98½
Michelin 8½pc 1983	99¾	100½
Montreal Urban 8½pc 1981	99	99½
New Brunswick 8pc 1984	97	97¾
New Bruns. Prov. 8½pc 1983	102	102¾
New Zealand 8½pc 1986	97¾	98½
Nordic Inv. Bank 7½pc '84	96	96½
Norsk Hydro 7½pc 1982	97½	98½
Norway 7½pc 1982	97	97½
Ontario Hydro 8pc 1987	96	96½
Singer 8½pc 1982	99¾	100½
S. of Scot. Elec. 8½pc 1981	99¾	100½
Sweden (K'dom) 7½pc 1982	97	97½
Swedish State Co. 7½pc 1982	97	97½
Telmex 9½pc 1984	98½	99½
Tenneco 7½pc 1987 May	94	94½
Volkswagen 7½pc 1987	94¾	95½
STERLING BONDS		
Courtaulds 9½pc 1989	96	96½
ECS 9½pc 1989	100½	101½
EIB 9½pc 1992	97½	98½
Finance for Ind. 9½pc 1987	97¾	98½
Fisons 10½pc 1987	98¾	99½
Total Oil 9½pc 1984	97¾	98½
DM BONDS		
Austria 6½pc 1985	106½	107
BFCE 6pc 1987	104	104½
Denmark 6½pc 1985	104	104½
EIB 6½pc 1984	105½	106½
Grand Met. 7pc 1984	100½	101½
Hydro-Quebec 6½pc 1987	101	101½
ICI 6½pc 1987	106½	107
Montreal 7pc 1987	102	102½
Norsca Gas 7pc 1989	105½	104½
Norsk Hydro 6½pc 1989	104½	103½
Norway 5½pc 1982	103½	104½
Shell 6½pc 1989	108½	109
Spain 8½pc 1984	100½	101½
Sweden 8½pc 1984	105½	106
World Bank 8½pc 1987	103½	104
FLOATING RATE NOTES		
Bank of Tokyo 1984 7 13/16 pc	99	99½
BFCE 1984 7pc	98	98½
BNP 1983 6½pc	99	99½
CCF 1983 7pc	99½	99¾
CGMF 1984 6 13/16 pc	98½	98¾
Creditanstalt 1984 7½pc	99¾	99¾
Credit Lyonnais 1982 6½pc	99½	99¾
DG Bank 1982 7 13/16 pc	100	100½
GZB 1981 7½pc	100½	100½
Intl. Wstmnstr. '84 7 15/16 pc	99½	99¾
Lloyds 1983 7½pc	100	100½
LTCB 1982 6½pc	99½	100
Midland 1982 8pc	101½	102½
Midland 1987 7 11/16 pc	98½	98¾
OKB 1983 6½pc	99½	100
SNCF 1985 6 13/16 pc	97¾	98½
Stndd. and Chrtrd. '84 6½pc	99	99½
Wms. and Glyns 1984 7pc	99½	99¾
Source: White Weld Securities.		
CONVERTIBLES		
American Express 4½pc '87	79	81
Ashland 5pc 1988	81	83
Babcock & Wilcox 6½pc '97	94½	96½
Beatrice Foods 4½pc 1992	95	97
Beatrice Foods 4½pc 1992	103½	105½
Beecham 6½pc 1992	101	102
Borden 5pc 1992	99½	101½
Broadway Hale 4½pc 1987	73	75
Carnation 4pc 1987	77½	79½
Chevron 5pc 1988	118½	120½
Dart 4½pc 1987	79	81
Eastman Kodak 4½pc 1988	84	86
Economic Labs. 4½pc 1987	77½	79½
Firestone 5pc 1988	80	82
Ford 5pc 1988	81½	83½
General Electric 4½pc 1987	80	82
Gillette 4½pc 1987	76½	78½
Gould 5pc 1987	108	110
Gulf and Western 5pc 1988	75½	77½
Harris 5pc 1992	127	129
Honeywell 6pc 1986	85½	87½
ICI 6½pc 1992	80½	87½
INA 6pc 1997	94	95
Inchcape 6½pc 1992	107	109
ITT 4½pc 1987	76	78
Jusco 6pc 1992	104½	103½
Komatsu 7½pc 1990	99½	100½
J. Ray McDermott 4½pc '87	165	167
Matsushita 6½pc 1990	115½	116½
Mitsui 7½pc 1990	106	107
J. P. Morgan 4½pc 1987	95	97
Nabisco 5½pc 1988	99	101
Owens Illinois 4½pc 1987	117	119
J. C. Penney 4½pc 1987	121	123
Revlon 4½pc 1987	108	110
Reynolds Metals 5pc 1988	84	86
Sandvik 6½pc 1988	104	105
Sperry Rand 4½pc 1987	84½	86½
Squibb 4½pc 1987	77	79
Texaco 4½pc 1988	76½	78½
Toshiba 6½pc 1992	99	99
Union Carbide 4½pc 1982	90	92
Warner Lambert 4½pc 1987	79	81
Warner Lambert 4½pc 1988	73½	75½
Xerox 5pc 1988	76	78
Source: Kidder, Peabody Securities.		

Wobaco to be reorganised

SUBJECT TO regulatory approval, Bank of America is to take full control of World Banking Corporation (Wobaco), prior to reorganising it in order to integrate it into its restructured international merchant banking business.

Bank of America already holds 50.1 per cent. of Wobaco. The other main shareholder is Toronto Dominion Bank.

Wobaco is an international financial group with three companies (in the Channel Islands, the Cayman Islands and Nassau) and three banks (in Luxembourg, Cayman Islands and Nassau) plus an office in London.

Bank of America increased its stake from about 45 per cent. in 1975.

It is very doubtful that Bank of America will keep Wobaco in its current state, but precisely what will be done with it has not yet been decided. Parts of it may be sold off to other institutions—there has been talk of negotiations with Societe Financiere Europeenne—and others integrated into the Bank of America organisation.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Sun Life firm on Toronto move

BY ROBERT GIBBENS

MONTREAL, Jan. 9.

DESPITE PROTESTS by opponents of Quebec separatism and expressions of regret from Federal Finance Minister Jean Cretien, the Sun Life Assurance Company of Canada is standing by its decision announced on Friday to move its headquarters from Montreal to Toronto.

Sun Life is the largest Canadian-owned life insurance company with assets of over $C5bn. and insurance in force worldwide of $31.7bn. Its operations in Quebec are the second largest after the Life subsidiaries of the Desjardins Caisse Populaire movement.

That means its Quebec life insurance in force is around $6.8bn.

The projected move of head office from the famous Dominion Square landmark in Montreal to the Toronto suburb of Bramalea would involve nearly 2,000 Key people. Headquarters operations for the American business were moved to Boston in 1973, involving about 500 jobs.

Sun Life was mutualised around 15 years ago when it was widely believed that American interests were planning to get control.

Sun Life, founded in Montreal 107 years' ago, said the reason for the move is that Bill 101, the French language charter, so restricts English language-schooling in Quebec that it cannot recruit sufficient Anglophone specialists and managers to maintain head office operations in Montreal.

It insists its business is so worldwide that international administration and also for the rest of Canada must be in English to be effective.

Mr. Chretien said that the Federal Government cannot do anything about the planned Sun Life move, and it was solely a decision for the policy-holders and the management.

Mr. Thomas Galt, President of Sun Life, issued a statement replying to charges by Quebec Finance Minister, Jacques Parizeau, that his company had been "the worst exploiter of Quebeckers' savings" and had invested $400m. of these savings in other provinces when it was under obligation to put the money back into Quebec.

"We are not holding outside the province any such sum that could be related to our Quebec policy-holders," Mr. Galt said. "Mr. Parizeau seems to be comparing assets to premiums collected, but allowance must be made for payment of benefits to policy-holders and expenses.

"The Sun Life has always invested very substantially in Quebec, and in September, 1977, our Quebec investments amounted to about $680m. This was an increase of $58m. during the first nine months of 1977."

Though Mr. Galt did not say it, Sun Life took up nearly $30m. in long-term bonds issued for financing the Sidbec-Normines telletising plant at Port Cartier, in which British Steel Corporation has a 40 per cent. equity interest. It was the largest single Canadian institutional investor in that $500m. project.

Sunday World sold

By Giles Merritt

DUBLIN, Jan. 9.

INDEPENDENT NEWSPAPERS, Ireland's largest newspaper group, has announced that it is buying control of the Sunday World, the republic's top-selling tabloid.

The Independent group, which was acquired almost five years ago by Mr. Tony O'Reilly, executive vice president of H. J. Heinz, for £5.5m., is to purchase 58 per cent. of the Sunday World and has agreed to a deal under which it may acquire the remaining 42 per cent.

Mr. Hugh McLaughlin, who owns 54 per cent. of the Sunday World through Nutley Investments, is selling his interest for £780,000 in cash and 200,000 shares of Independent Newspapers. Mr. Thomas Butler, who has a 4 per cent. interest, is also selling his shareholding for £63,000. Independent Newspapers has also agreed to buy the 42 per cent. shareholding held by Mr. Gerard McGuinness at a value based on the future profitability should be choose to sell between January 1, 1979, and December 31, 1982. Mr. McGuinness will in the meantime remain as managing director of the Sunday World.

The Independent group publishes the Irish Independent, Evening Herald and Sunday Independent, as well as a number of provincial chains, and for the first half of 1977 recorded a 43 per cent. rise in pre-tax profits, which reached £818,000. Nutley Investments, which owns the Sunday World's operating company Sunday Newspapers, and also prints the weekly Irish Farmers' Journal, showed pre-tax profits of £162,000 for its last full year, ended March 31, and net tangible assets of £210,000.

Started in 1973, the tabloid Sunday World has outstripped the Sunday Independent with a circulation that is now around ...0,000.

Electrolux-Husqvarna bid

BY JOHN WALKER

STOCKHOLM, Jan. 9.

AT AN EXTRAORDINARY shareholders' meeting to-day, Electrolux, the Swedish electrical household equipment group, formally announced the offer to acquire the shares in Husqvarna, the Swedish kitchen equipment, sewing machine and motor cycle group.

The offer has been accepted by the Husqvarna Board and the shareholders will shortly receive a prospectus containing detailed information about the offer, which is worth just under Kr.100m (£11m.) for the Husqvarna stock.

Electrolux is offering a 10-year convertible debenture with a nominal value of Kr.120 and a coupon of 8 per cent. for each Husqvarna share of a nominal Kr.100. The debentures are convertible after two years into Electrolux "B" shares at a price of Kr.130, a shareholder being able to exchange 13 debentures of a nominal value of Kr.130 for 12 Electrolux shares. The offer is conditional on the acceptance by holders of 90 per cent. of the Husqvarna stock. Also, a condition of the issue of the debentures is that Husqvarna passes a resolution to cancel the so-called alien ownership prohibition clause in its articles of association and that the Government grant permission for this change.

Swedish bid activity

By Our Own Correspondent

A TOTAL of 611 company mergers were registered in Sweden in 1976, a drop of 26 per cent. on the previous year's record figure of 828.

According to the Swedish Price and Cartel Office, the companies concerned had a combined labour force amounting to 52,000, or 28 per cent. fewer than in 1975.

Just over three-quarters of the companies had fewer than 50 employees and nearly half of them were taken over by enterprises with 500 or more employees. Thirteen large companies were acquired during the year, 12 fewer than in 1975, and were in all cases absorbed by another large company.

Only 33 companies were acquired by foreign or foreign-owned Swedish concerns in 1976—a drop of 14—and their combined labour force amounted to only 3 per cent. of the total for all companies involved in takeovers.

Over half the takeovers related to companies operating within the wholesale, retail, service and construction sectors. The Price and Cartel Office also reports that 98 agreements were entered into its Cartel Register in 1976, compared with 89 in the preceding year. Most of the agreements related to the service, chemical, chemical - technical, wholesale and plastic sectors.

SWISS NEWS

Leaders and laggards in world markets

BY JOHN WICKS

ZURICH, Jan. 9.

WORLD STOCK market performance declined by 2.5 per cent. in 1977, according to the Geneva-based "Capital International Perspective." In a special analysis of the past year, the Swiss quarterly calculates this world index from an arithmetically weighted average of the performances of some 1,100 securities listed on the stock exchanges of 18 countries and expressed in dollars.

By far the fastest growth of stock market activity was that of 34.3 per cent. in the U.K. in terms of local currency and based on the capital international bourse indices. Other countries with an expansive stock market were Federal Germany with an 8 per cent. increase, Switzerland with 2.5 per cent., Australia and Canada each with 1.3 per cent. and Holland with a 1 per cent. growth.

A decline in performance close to the world index was shown by Singapore and Denmark, with minus rates of 2.6 and 2.7 per cent. respectively. The decrease was more marked in the case of France (6.6 per cent.), Belgium (7 per cent.), Japan (7.2 per cent.) and Austria (8.4 per cent.). In the U.S. the rate of decline was of 12.2 per cent. over 1976 levels.

Highest fall-offs are given as those of 15.6 per cent. in Sweden, 15.9 per cent. in Hong Kong, 22.2 per cent. in Italy, 27.3 per cent. in Norway and 28 per cent. in Spain.

While these national performances are in local currencies, "Capital International Perspective" also illustrates the change of exchange rates against the dollar during 1977. The highest growth rates are given as those of the Swiss franc with 22.2 per cent. and the yen with 22 per cent., followed by 12.1 per cent. for the D-mark, 11.9 per cent. for sterling and 11.6 per cent. for the schilling.

The only currencies in the countries concerned which dropped against the dollar were Canadian dollars by 7.7 per cent., Swedish kronor by 11.6 per cent. and pesetas by 15.7 per cent., the survey claims.

Sw.Frs.70m. bonds from Swissair

SWISSAIR is to issue SW.Frs.70m. of 4 per cent. bonds from Friday until January 19 writes John Wicks. Of the money to be raised Sw.Frs.50m. will be used for conversion or repayment of 18-year bonds due to mature on January 31. The remainder will go towards the fleet renewal and expansion, and connected investments.

A share of Sw.Frs.60m. of the new bonds, which have a maturity of up to 16 years, will be offered to the public at 100.5 per cent. by a banking consortium headed by Credit Suisse, the other Sw.Frs.10m. to be reserved by the airline for "special purposes."

At the same time, the Swiss nuclear power station company Kern-kraftwerk Leibstadt announces the issue of Sw.Frs.100m. of bonds from Thursday until January 18. The coupon for the 15-year float will be 4¼ per cent. and the banking consortium, also led by Credit Suisse, will offer the bonds at par.

Proceeds will go towards financing the Leibstadt power station currently under construction. Last year Kern-kraftwerk Leibstadt raised Sw.Frs.360m. by four separate bond issues.

* * *

THE WIENERWALD restaurant and hotel concern, whose international headquarters are located at Feusisberg, Switzerland, estimates 1977 turnover to have expanded by 19 per cent. to about DM715m. For 1978, turnover is expected to rise to at least DM800m.

The rapid growth anticipated for 1978 is attributed both to the success of the Wienerwald franchising system and to the opening of new premises. In 1978 some 100 new premises are to be opened.

Israel Land makes good headway

BY L. DANIEL

TEL AVIV, Jan. 9.

ISRAEL LAND Development Company—one of the country's leading firms—which owns inter alia four prominent hotels and manages several others, had a consolidated income of just over £3m. in the year ended June 30, 1977 (of which 56 per cent. was derived from hotel operations) representing an increase of 39 per cent. on th epreceding year.

Net earnings after tax, including capital gains, however, showed little change as capital gains were smaller than in the preceding year, and amounted to £200,000. The company near doubled its share capital during the year by a rights issue to £2,123,000.

Bank Leumi trusts' assets

ASSETS OF the nine trust funds operated by the Bank Leumi group rose by 63 per cent. in 1977 to the equivalent of £270m. This rate of increase compares with a rise of 43.6 per cent. in the consumer price index. Management has already declared dividends in respect of two trusts for fiscal 1977—"Zamid," a net 25 per cent. after tax as against 20 per cent. in 1976; "Gavish"—30 per cent. after tax, against 20 per cent. in the preceding year. Final dividends will be paid after January 31, 1978, of 13 per cent., before tax, to holders of Zamid certificates (10 per cent. previously). The total of dividends to be distributed by the two funds will come to just over £5m., or about 20 per cent. of profits. According to past experience, most of the money is likely to be reinvested in one of the bank's trusts.

Lance £2.4m. stock sale

...R. BERT LANCE has sold 60 ...er cent of his stock in the ...ational Bank of Georgia, as ...anned, to Saudi Arabian businessman Mr. Gaith Pharaon, for ...2.4m., attorney Robert Altman ...id, UPI reports from Washington.

Mr. Altman, Mr. Lance's Washington lawyer, said that the sale ...as in accordance with the terms ... a stock purchase agreement ...nounced December 20.

Mr. Lance, who resigned as ...ederal Budget Director in September, is expected to make a net ...ofit of some $380,000 on the ...ock sale.

Under the sale plan, Mr. ...haraon agreed to buy 60 per ...nt., or 121,906 shares, of Mr. ...ance's NBG stock for $20 a ...are, Mr. Lance paid an aver... price of $17 a share for the ...ock.

The agreement also called for ...r. Pharaon to put out a tender ...fer for 60 per cent. of all NBG ...ares. Mr. Altman said that ...ree other major shareholders ... the bank had agreed in principle to sell their stock for $20 ... share if a tender offer is made. Mr. Pharaon is a contractor ...om Jeddah, Saudia Arabia.

Woolworth S.A. lifts halftime profits

By Richard Rolfe

JOHANNESBURG, Jan. 9.

THE RETAILING group Woolworth, which has 60 stores in South Africa and maintains close links with Marks and Spencer, has reported a rise in interim profits for the 26 weeks to November 24, which is in marked contrast to the declining fortunes experienced by most of its competitors.

Woolworth's turnover rose from R63m. to R66m. Net income before tax was up from R8.6m. to R9.3m., showing some appreciation in profit margins. Earnings per ordinary share went ahead from 16.6 cents to 17.9 cents and the interim dividend has been raised from 6.5 cents to 7 cents a share. Last year's total was 16 cents and the outlook is probably for a minimum 17 cents in the current financial year, to put the shares at 305 cents on a prospective yield of 5.6 per cent., making them the second highest yielder in the retail sector after the food supermarket chain Pik 'n' Pay.

Marks and Spencer's pension fund sold its shareholding in Woolworth just over a year ago but merchandising links between the two groups remains close, with the Woolworth's brand name, "Servus," closely modelled on "St. Michael." Marks and Spencer also retains representation on the South African company's Board. Woolworth continues to hold 450,000 shares in Marks and Spencer.

FAR EASTERN NEWS

Singapore clearing move to stimulate trading

BY ANTHONY ROWLEY

SINGAPORE Jan. 9.

THE STOCK EXCHANGE here is to introduce a central clearing house with a "full range of sophisticated computerised services" as part of its second, five-year development plan.

This was annonced at the week-end by the Stock Exchange chairman, Mr. Ng Soo Peng, who also disclosed plans by the exchange to establish an authorised depositary within the exchange as well as a "securities finance corporation."

The authorised depositary would provide registration services for clients of member companies (of which there are 19). This is a move designed to stimulate trading, as it will enable clients to trade in the two or three months needed currently before share certificates are obtained. Depositary receipts will provide "good delivery" of shares for a limited period.

The proposed securities finance corporation will be along the lines of those operating in the U.S. and Japan. It will provide finance for members and clients to buy shares and will require the introduction of "margin trading" in Singapore. This move is being made to provide the market with liquidity which at present is "sadly lacking" according to Mr. Ng.

He added that the rate and manner of implementing the next five year plan for the exchange, which was opened in 1973 would "depend to a great extent on the development of the securities industry" over the period.

The chairman denied "unfounded rumours that the exchange and member companies intend to retrench trading room clerks" as a result of the plan to introduce a central clearing house and computer facilities.

Pahang shares re-traded

THE STOCK Exchanges of Singapore and Kuala Lumpur said they ended the suspension of trading in Pahang Consolidated shares with effect from to-day, Reuter reports from Singapore.

Pahang was suspended on June 16 last year, pending clarification of share deals involving it and its associated company, Faber Merlin Malaysia Bhd.

Pahang Consolidated recently announced the resignation of Faber Merlin directors from its Board following moves by each company to divest itself of holdings in the other.

Bid from Swire Props.

SWIRE PROPERTIES is making an offer of $HK6.70 a share in cash for Consolidated Properties and Stores, valuing the company at $HK93.6m., Philip Bowring writes from Hong Kong. The offer follows an announcement in October that discussions were under way which might lead to an offer being made.

Interests controlling 35 per cent. of the shares have undertaken to accept the offer, including Hutchison Properties which controls around 20 per cent.

The bid values Consolidated at 13 per cent. over its last dealt price before suspension when the talks were announced. Since then share prices in Hong Kong have declined by about 7 per cent. The offer is 3.6 per cent. above net assets based on a recent revaluation of properties.

Bigger market in Asiadollars

THE SIZE of the asiadollar market in Singapore grew to $U.S.19.83bn. in terms of total asset liabilities during December, according to the latest figures issued by the Monetary Authority of Singapore, writes Anthony Rowley.

This represented a $U.S.110.4m. increase over the previous month's figures. A major factor was that credit extended to non-bank customers in the asia dollar market during November grew by $U.S.89m.—more than double the previous month's increase—stimulated by the share decline in the U.S. dollar, said the MAS.

CANADIAN STEEL INDUSTRY

Cape Breton still pending

...TER A year of lay-offs and ...oom caused by the world steel ...isis, the provincially owned ...dney Steel Corporation of ...ova Scotia could be heading ...r better times.

The company, which has been ...e subject of a probe by the ...eel industry study group Cansteel for more than two years, ...as noticed a pick up in orders ...cently, notably in rail orders ...om Venezuela. Sysco's "greenfields" plant in Cape ...reton may have ben deferred ...ntil the mid-eighties but the ...ompany is not too dismayed.

SYSCO is the provincial crown ...orporation set up a decade ago ...hen the Hawker Siddeley group ... the U.K. sold off nearly all ...s Quebec and Nova Scotia steel ...sets, saying it had not the ...pital resources to handle the ...quired modernisation and ...evelopment.

The Federal Government, ...rough the Department of ...egional Expansion has now ...ome through with nearly ...C20m. in grants to handle ...epairs and parts replacement in ...last furnaces, salt water mine ...umps and power houses. Improvements will be made to coke ...vens, blooming mills and rail ...ills.

This will keep the plant ...erating at present levels of employment (under 2,000) for the next few years until broad decisions can be taken on its future. A further $C1.5m. of Federal funds will go to continuing studies on re-location and future markets.

Mr. Ralph Hindson, managing director of Cansteel, which has now completed the overall study of the Greenfields plant to replace SYSCO's existing Cape Breton operation, looks to the mid-eighties for a resurgence of activity in the Cape Breton steel industry.

Owing to rising population and industrialisation, the Cansteel Steel study group expects a sharp recovery in world steel demand by the middle of the next decade writes ROBERT GIBBENS from Montreal. Again this background a new project at Cape Breton is expected to have a chance of eventually succeeding once the present world crisis has blown over.

The Cansteel study concluded that no new plant project can go ahead now because of the state of the world steel market, even though construction lead times for an economic plant of between 2m. and 4m. tons yearly of basic steel would be four years at least.

Mr. Hindson argues that Cape Breton has the deepwater sea access for raw materials and products, iron-ore 450 miles away in Quebec-Labrador, coking coal nearby, with limestone, skilled workforce available, and short shipping distance to Europe and the east coasts of North and South America.

The steel crisis now means that many older plants in Europe and North America will have to be closed down. The post-energy crisis economics of steelmaking and of transportation of raw materials and products are undergoing permanent changes which make tidewater sites more and more necessary.

Because of the huge capital sums required to instal new efficient capacity at higher and higher economic scale, the newer plants to meet the rising demandsof the mid-80s will have consortium ownership.

The Cansteel study for Cape Breton was funded partly by the Nova Scotia and Federal Governments, but mainly by the partners in the company, SYSCO, Dominion Foundries and Steel, Hamilton, Hoogovens-Hoesch and Thyssen of Europe, and National Steel of the U.S. These companies also contributed expert technical and marketing input.

Mr. Hindson is convinced that with rising population and industrialisation, steel demand will rise sharply by the mid-eighties, and because of the long hiatus in bringing in new capacity and the forced closedown in old plants, shortage will re-appear and prices will start to rise again.

He believes that with a consortium approach, the Cansteel project has an excellent chance of moving ahead once the present steel industry crisis is over. His arguments are based strictly on economics in relation to future markets. Ottawa says the $C20m. now being made available for Sysco at Sydney in no way affects the long-term prospects of Cansteel, which will be judged on its own merits.

WALL STREET + OVERSEAS MARKETS + CLOSING PRICES

Sell-off continued: down another 9

BY OUR WALL STREET CORRESPONDENT

NEW YORK, Jan. 9.

FURTHER SHARP and widespread falls were recorded on Wall Street to-day, when the sell-off continued for the fifth straight session in heavy trading, as rising interest rates clouded the outlook for the U.S. economy.

The close was slightly above the worst, however, with the Dow Jones Industrial Average down a further 8.93 at 784.56, after losing 10.57 at 782.92. The NYSE All Common Index lost another 59 cents to $50.05, while declines outpaced gains by a five-to-one majority. Trading volume further expanded 1.84m. shares to 27.99m.

The sell-off began immediately after the opening bell, with investors responding to the Federal Reserve Board's decision announced late Friday to lift the discount rate one half of a point to 6½ per cent.

Another signal of the tightening in monetary policy came to-day, when the Fed moved agressively to drain funds from the banking system.

While the rate boost was designed to defend the dollar in Foreign Exchange Markets, according to the Fed, analysts said investors expressed anxiety over its possible impact on the domestic economic recovery.

Also weighing on the Stock Market was a new round of prime rate increases to 8 per cent. form 7¾ per cent. initiated by Citibank on Friday, and reflecting upward pressure on other short-term Money Market rates.

The only gainer among the big board's ten most actively traded stocks was Budd, up another $2¼ at $33¼, on a takeover offer.

American Medicorp, involved in a takeover fight, fell $⅞ to $22.

Exxon declined $¾ to $44¾, Gannett $1¼ to $36⅜, and Great Western Financial $1 to $20.

Phillips Petroleum gave way $¾ to $28⅞, despite a raised dividend and it projected a 20 per cent. earnings growth. Standard Oil of Ohio fell $2 to $68 and Atlantic Richfield $1¼ to $47⅞.

IBM tacked on $1⅞ to $268⅞.

Columbia Pictures dropped $⅞ to $15½, despite favourable comment.

THE AMERICAN SE Market Value Index fell 1.92 to 121.13, while the volume expanded to 2.88m. (2.70m.) shares.

MONDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
American Medicorp	777,500	22	−⅞
Budd	395,400	33¼	+2¼
General Motors	362,600	59⅜	−⅞
Gannett	225,400	36⅜	−1¼
Ryder System	217,700	13⅝	−⅛
Exxon	210,500	44¾	−¾
Great West. Fincl.	199,500	20	−1
General Electric	191,000	47⅛	−⅞
Gillette	185,580	22⅞	−⅞
First Charter Fincl.	184,900	14⅝	−⅛

OTHER MARKETS

Canada sharply lower

Prices continued to move sharply lower in active trading on Canadian Stock Markets yesterday with the Toronto Composite Index off 10.4 at 1012.5.

The Oil and Gas Index fell 31.3 to 1334.1, and Metals and Minerals 13.1 to 846.1.

Nowsco Well Service dropped $2¼ to $29⅞, Westbourne $1⅞ to $18⅞ and Pacific Petroleum $1¼ to $36½.

PARIS—Shares firmed following Prime Minister Raymond Barre's speech at Blois, over the week-end, on the Governing majority's election package and also due to the division between the French Socialist and Communist Parties.

Foods, Motors and Constructions all rose strongly, while Electricals and Oils also firmed.

Foreign Stocks all gained, except U.S. shares which were mixed.

BRUSSELS — Belgian shares were lower in quiet trading.

In Foreign stocks, U.K., German and French issues were little changed, Dutch were mixed, while U.S. fell.

Gold Mines were mixed to mostly higher.

AMSTERDAM — Generally weaker.

However, Hoogovens edged higher against the main trend.

Shippings were lower, with Van Ommeren down Fls.3, Robeco Fls.1.7 and Pakhoed Fls.2.5. KLM and Heineken were among the few firm issues.

State Loans were easier.

GERMANY—Narrowly mixed after some early gains were eroded in quiet trading.

Chemicals fell back on foreign selling, with Schering shedding DM1.30 to 270. Motors were well maintained to slightly firmer. Stores rose and Metallgesellschaft advanced DM3 to 236.

Domestic Bonds were irregular, with profit-taking causing losses of up to 20 pfennigs on Public Authority issues. Regulating Authorities bought DM1.8m. nominal of stock. Mark Foreign Loans were well maintained.

SWITZERLAND—Markets were mixed in light trading, influenced by the unsettled currency situation.

Banks were little changed apart from firmer Volksbank.

Financials were steady, while Insurances pointed slightly higher except for Zuerich Bearer and Winterthur Registered which fell.

In a rather quiet Foreign sector Dollar stocks were slightly lower, while Dutch Internationals were barely steady.

Germans were narrowly mixed. Golds were very steady in line with the bullion price.

MILAN—Easier in very thin trading, influenced by continuing political and business uncertainties.

Mediobanca were firm in generally lower Banks, while Sifa were marginally higher in easier Financials.

Bonds were mixed.

OSLO — Industrials, Bankings and Insurances were quiet, while Shippings were slightly easier.

VIENNA—Irregular in livelier trading. Bank Preferred stocks retreated.

COPENHAGEN—Generally higher in active dealings. Banks, Communications, Industrials, Commodities and Shippings were all higher, while Insurances were slightly easier.

JOHANNESBURG—Gold shares closed mixed after quiet trading on the lower London bullion price.

Financial Minings were also mixed, while De Beers lost an earlier 8 cents rise to trade at R605.

Other Metals and Minerals were quietly mixed, while Asbestos counters rose. Platinums and Tins were marginally easier.

Industrials were quietly steady.

HONG KONG—Lower in dull conditions, with most selling confined to Blue Chips.

Jardine Matheson dipped 30 cents to $HK11.20, while Hong Kong Bank at $HK16.90 and Hong Kong Land at $HK6.35 each lost 10 cents. Hutchison Whampoa eased 2½ cents to $HK3.60 and Swire Pacific "A" were down 10 cents at $HK5.15.

East Asia Navigation also declined 10 cents to $HK4.0 and Hong Kong Wharf were 20 cents lower at $HK12.40.

TOKYO—Slightly higher in mixed trading amid increased caution following last week's rapid rise. Volume 330m. shares.

Constructions, Housings and Power Plant Equipments rallied in anticipation of increased Government spending this year.

Export Oriented Electricals and Precision Instruments fell with investors awaiting the outcome of the Japan-U.S. Trade Talks here.

AUSTRALIA—Generally weaker in dull conditions, reflecting expectations of higher U.S. interest rates.

BHP dropped 14 cents to $A5.52.

Banks were steady to lower and "second rank" Industrials were weaker. Most Minings declined, although Golds firmed.

Utah shed 5 cents to $A3.35, Pancontinental fell 75 cents to $A11.90, while Kathleen and Queensland Mines trading ex rights gave up 17 cents and 30 cents respectively.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
♦ DM50 denom. unless otherwise stated. ♥ Ptas.500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. ⊙ Frs.500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross. div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. ‡ Traded. § Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

Dollar steadier

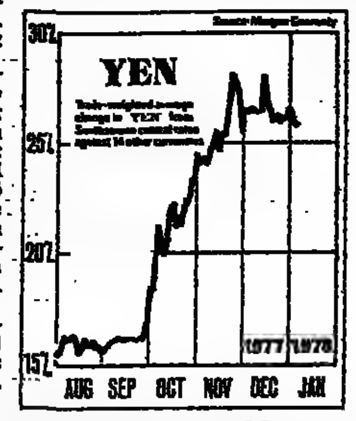
Recent erratic movements gave way to an outwardly more steady picture in yesterday's foreign exchange market. With the current weakness of the U.S. dollar uppermost in many people's minds, trading tended to be fairly light as the full effect of protective measures taken by the U.S. authorities were digested, leaving a generally nervous undertone.

The dollar opened stronger following on higher rates in New York and made headway against most currencies, finishing with a gain over the West German mark to DM2.1465 from DM2.1255 and the Swiss franc to Sw.Frs.2.0175 against Sw.Frs.2.0050. Its trade weighted average depreciation which Morgan Guaranty calculates in New York, using noon rates, narrowed to 4.43 per cent. from 4.82 per cent. on Friday.

Although some selling developed later on, the dollar finished on a firmer note helped by news of a half point rise in the U.S. discount rate to 6½ per cent.

Sterling fared better than most, for although it gave up 1½c to the dollar, its trade weighted index calculated by the Bank of England against 20 other currencies, improved to 65.8 over 65.3 at the previous close. The pound finished at $1.9165-1.9185 in terms of the dollar compared with Friday's close of $1.9290-1.9310. Sentiment was no doubt helped by the Wholesale prices index for December indicating a further decrease in the rate of inflation and demand for sterling remained good throughout.

Gold improved $1½ an ounce to $170¾-171¼ mainly on uncertainty surrounding the dollar. Business was described as moderate. The Krugerrand finished at $176½-178½ for domestic and international delivery. Its premium over the gold content narrowed to 3.58 per cent. over the previous common close of 3.61 per cent.



CURRENCY RATES

	Special Drawing Rights January 9	European Unit of Account January 9
Sterling	0.629150	0.631728
U.S. dollar	1.20671	1.21259
Canadian	1.32533	1.33305
Austria sch.	18.6316	18.6689
Belgian franc	40.1391	40.3248
Danish kroner	7.10149	7.13371
Deutschemark	2.59479	2.60458
Dutch guilder	2.77664	2.79021
French fran	5.71257	5.74325
Italian lira	1056.47	1061.94
Japanese yen	291.601	292.206
Norway krone	6.31713	6.32545
Spain peseta	97.8252	98.3111
Swedish krone	5.70074	5.72999
Swiss franc	2.45083	2.45284

EXCHANGE CROSS-RATES

Jan. 9	Frankfurt	New York	Paris	Brussels	London	Amst'd'm	Zurich
Frankfurt	—	2.1475-80	45.30-40	6.450-465	4,122-178	95.35-55	106.0-40
New York	46.60-64	—	21.12-14	3.25-76	1.9165-9170	45.60-70	49.60-65
Paris	220.14-64	4.728-740	—	14.232-286	9.056-108	205.576.07	234.01-51
Brussels	15.45-50	33.22-27	7.01-04	—	63.73-30	14.44-48	16.42-50
London	4.11-12	1.9165-85	9.06½-07½	63.45-80	—	4.39½-40½	3.85-87
Amst'dam	107.055-105	2.2997-3022	48.625-675	6.9155-9205	4.4085-4145	—	113.695-745
Zurich	93.9669-.24	2.015-017	42.5767-8915	6.0698-0375	3.8706-8813	87.697-88.8	—

U.S. $ in Toronto U.S. $ = 109.79-82 Canadian cents.
Canadian $ in New York = 90.92-94 cents. U.S. $ in Milan 876.50-80.
Sterling in Milan 1680.70-1686.0.

EURO-CURRENCY INTEREST RATES*

Jan. 9	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss franc	W. German mark
Short term	6⅝-6⅞	6-7	6⅞-7⅛	5¼-5¾	⅛-½	2⅜-3⅛
7 days notice	6⅜-6⅝	6-7	6⅞-7⅛	5¼-5¾	⅛-½	2⅜-3⅛
Month	6⅛-6½	6⅞-7¼	7-7¼	5⅜-5⅝	⅞-1	2⅝-2⅞
Three months	6⅞-6¾	6⅞-7¼	7¼-7⅝	5⅛-5½	1⅛-1¼	2⅝-2⅞
Six months	6⅝-7	7⅛-7½	7⅜-7⅞	5⅝-5⅞	1⅛-1¼	3-3⅛
One year	7⅛-7⅜	7¼-7⅝	7⅝-7⅞	5¾-6	2-2¼	3¼-3½

Euro-French deposit rates: two-day 9-9½ per cent.; seven-day 9-9½ per cent.; one-month 10-10½ per cent.; three-month 12-12½ per cent.; six-month 12½-13½ per cent.; one year 13-13½ per cent.

Long-term Eurodollar deposits: two years 7⅞-8⅛ per cent.; three years 7⅞-8⅛ per cent.; four years 8⅛-8⅜ per cent.; five years 8⅛-8⅜ per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 7.05-7.15 per cent.; three-month 7.20-7.30 per cent.; six-month 7.45-7.55 per cent.; one-year 7.65-7.75 per cent.

*Rates are nominal closing rates.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars: two days' notice for guilders and Swiss francs.

GOLD MARKET

	Jan. 9	Jan. 6
Gold Bullion (a fine ounce)		
Close	$170¾-171¼	$169¼-170¼
Opening	$168¾-169¼	$168¾-169¼
Morning fixing	$169.50 (£87.856)	$168.90 (£86.755)
Afternoon fixing	$170.85 (£88.593)	$169.90 (£88.882)
Gold Coins, domestically		
Krugerrand	$176½-178½ (£91¾-92¾)	$175-177 (£91¼-92¼)
New Sov'gns	$51¾-53¾ (£27-28)	$52-54 (£27-28)
Old Sov'gns	$51¾-53¾ (£27-28)	$51-53 (£26½-27½)
Gold Coins (Internat'lly)		
Krugerrand	$176½-178½ (£91¾-92¾)	$175-177 (£91¼-92¼)
N'w Sov'gns	$52½-54½ (£27¼-28¼)	$52-54 (£27-28)
Old Sov'gns	$51½-53½ (£27-28)	$51-53 (£26½-27½)
$20 Eagles	$251-254	$249-252

FOREIGN EXCHANGES

Jan. 9	Bank Rate %	Day's Spread	Close
New York	6	1.9080-1.924	1.9165-1.9185
Montreal	7½	2.0955-2.1140	2.1050-2.1065
Amsterdam	4½	4.37-4.43	4.39½-4.40½
Brussels	5½	63.40-64.05	63.45-63.80
Copenhagen	9	11.19-11.29	11.19½-11.20½
Frankfurt	3	4.09½-4.14	4.11-4.12
Lisbon	13	77.00-78.30	77.10-77.50
Madrid	8	154.75-155.75	155.15-155.35
Milan	11½	1,669-1,681	1,677-1,679
Oslo	6	9.99-10.04	9.99½-10.00½
Paris	9½	9.04-9.10	9.06½-9.07½
Stockholm	8	9.00-9.07	9.04½-9.05½
Tokyo	4¼	462-476	462-464
Vienna	5½	29.25-29.75	29.55-29.65
Zurich	1½	3.85-3.91	3.85-3.87

‡ Rates given are for convertible francs. Financial franc 63.55-63.75.

OTHER MARKETS

		Notes	Rates
Argentina	1166.50-1188.5	Argentina	1100-1200
Australia	1.6773-1.6947	Austria	29¼-30
Brazil	30.82-30.82	Belgium	62-64
Finland	7.75-7.77	Brazil	32-35
Greece	68.068-68.749	Canada	2.08½-2.11½
Hong Kong	8.85-8.86	Denmark	11.05-11.25
Iran	133-138	France	8.95-9.15
Kuwait	0.530-0.542	Germany	4.07-4.12
Luxemb'g	63.45-63.80	Greece	70-[illegible]
Malaysia	4.5450-4.5650	Italy	1670-1720
N. Zealand	1.8693-1.8874	Japan	460-480
Saudi Arab	6.59-6.69	Netherl'nd	4.25-4.40
Singapore	4.4940-4.5140	Norway	9.95-10.05
S. Africa	1.6525-1.6761	Portugal	75-81
U.S.		Spain	150-160
Canada		Switz'land	3.80-3.90
C$1		U.S.	1.90-1.92
U.S. cents	91.66-91.68	Yugoslavia	37-39

Rate given for Argentina is free rate.

FORWARD RATES

	One month	Three month
New York	0.08-0.18 c. dis	0.38-0.48 c. dis
Montreal	0.05-0.15 c. dis	0.30-0.40 c. dis
Amst'dam	⅜ c. pm-¼ c. dis	1⅛-¾ c. pm
Brussels	5-15 c. dis	25-35 c. dis
Cop'nhgn	14-19 ore dis	25-37 ore dis
Frankfurt	1⅛-⅜ pf. pm	4-3 pf. pm
Lisbon	50-105 c. dis	400-600 c. dis
Madrid	90-160 c. dis	420-520 c. dis
Milan	14-20 lire dis	40-48 lire dis
Oslo	11-13 ore dis	30½-33½ ore dis
Paris	2½-3½ c. dis	12-13 c. dis
Stockh'lm	6¼-8¼ ore dis	19½-21½ ore dis
Vienna	7-17 gro dis	24-44 gro dis
Zurich	4⅞-1⅞ c. pm	5⅞-4⅞ c. pm

Six-month forward dollar 0.65-0.85c. dis. 12-month 1.10-1.20c. dis.

Indices

NEW YORK —DOW JONES

	Jan. 9	Jan. 6	Jan. 5	Jan. 4	Jan. 3	Dec. 30	1977-78 High	1977-78 Low	Since compilation High	Since compilation Low
Industrial	784.56	793.49	804.92	813.56	817.74	831.17	999.75 (3/1/77)	784.56 (9/1/78)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	90.15	90.52	90.76	90.86	90.78	90.88	96.87 (7/3)	90.15 (9/1/78)	—	—
Transport	206.61	210.17	215.97	216.43	215.77	217.18	246.64 (18/6)	[illegible] (25/10)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	107.50	109.24	110.52	110.75	110.99	111.28	118.67 (22/2)	104.97 (25/8)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol 000's †	27,990	28,150	25,570	24,090	17,720	25,580	—	—	—	—

* Basis of index changed from August 24.

Ind. div. yield %	Jan. 6	Dec. 30	Dec. 23	Year ago (approx.)
	5.60	5.55	5.64	4.16

STANDARD AND POORS

	Jan. 9	Jan. 6	Jan. 5	Jan. 4	Jan. 3	Dec. 30	1977-78 High	1977-78 Low	Since Compilat'n High	Since Compilat'n Low
‡Industrials	99.96	100.90	101.97	102.91	103.22	104.71	118.92 (3/1/77)	99.96 (9/1/78)	134.54 (11/1/73)	3.52 (30/6/32)
‡Composite	90.68	91.62	92.74	93.52	93.82	95.10	107.00 (3/1/77)	90.68 (9/1/78)	125.85 (11/1/73)	4.40 (1/6/32)

	Jan. 4	Dec. 28	Dec. 21	Year ago (approx.)
Ind. div. yield %	4.96	4.90	4.89	3.71
Ind. P/E Ratio	9.01	9.13	8.97	11.36
Long Govt. Bond yield	8.04	8.02	7.96	6.57

N.Y.S.E. ALL COMMON

Jan. 9	Jan. 6	Jan. 5	Jan. 4	1977-78 High	1977-78 Low
50.05	50.64	51.25	51.62	57.07 (4/1/77)	49.78 (2/11)

Rises and Falls

	Jan. 9	Jan. 6	Jan. 5
Issues traded	1,901	1,874	1,884
Rises	270	241	547
Falls	1,309	1,272	834
Unchanged	322	361	503
New Highs	9	14	13
New Lows	[illegible]	81	16

MONTREAL

	Jan. 9	Jan. 6	Jan. 5	Jan. 4	1977-78 High	1977-78 Low
Industrial	169.25	169.75	171.69	175.12	186.47 (17/5)	158.02 (25/10)
Combined	174.85	176.32	178.31	179.27	197.85 (19/1/77)	165.60 (25/10)
TORONTO Composite	1012.5	1022.9	1059.4	1045.7	1067.4 (19/7)	951.0 (26/10)
JOHANNESBURG Gold	205.0	208.7	204.1	214.2	214.7 (17/10)	159.4 (24/3)
JOHANNESBURG Industrials	215.1	215.4	215.0	214.4	214.4 (4/1/78)	169.1 (22/4)

	Jan. 9	Previous	1977-78 High	1977-78 Low
Australia (¶)	471.71	473.94	479.45 (3/1/78)	414.00 (16/2)
Belgium (‖)	92.22	92.39	99.12 (10/1)	90.71 (20/12)
Denmark (**)	93.13	97.96	107.92 (9/6)	95.54 (28/11)
France (††)	51.6	51.1	62.4 (7/1)	43.5 (10/8)
Germany (‡‡)	798.8	797.7	813.3 (17/11)	712.6 (10/3)
Holland (§§)	80.7	80.8	93.2 (4/5)	76.8 (29/8)
Hong Kong (¶¶)	381.90	394.82	495.17 (11/5)	383.29 (4/1/78)
Italy (‖‖)	56.56	56.60	73.71 (6/1)	54.90 (22/12)
Japan (a)	372.98	370.15	390.93 (29/9)	360.49 (24/11)
Singapore (b)	262.00	262.60	263.02 (29/8)	242.2 (5/5)
Spain (d)	—	97.58	100.00 (31/12)	97.52 (5/1/78)
Sweden (e)	338.84	331.93	416.62 (22/3)	328.61 (11/7)
Switzerl'd (f)	296.9	298.9	[illegible] (14/10)	280.0 (3/5)

Indices and base dates (all base values 100 except NYSE All Common — 50 Standards and Poors — 10 and Toronto 300-1,000, the last named based on 1975). † Excluding bonds. ‡ 400 Industrials § 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (¶) Sydney All Ord (‖) Belgian SE 31/12/63. (**) Copenhagen SE 1/1/73. (††) Paris Bourse 1961. (‡‡) Commerzbank Dec., 1953. (§§) Amsterdam, Industrial 1970. (¶¶) Hang Seng Bank 31/7/64. (‖‖) Milan 2/1/73 (a) Tokyo New SE 4/1/68. (b) Straits Times 1966 (c) Closed. (d) Madrid SE 31/12/77 (e) Stockholm Industrial 1/1/58. (f) Swiss Bank Corp. 31/12/58. (u) Unavailable.

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £—68½% (69%).

NEW YORK

Stock	Jan. 9	Jan. 6	Stock	Jan. 9	Jan. 6	Stock	Jan. 9	Jan. 6	Stock	Jan. 9	Jan. 6	Stock	Jan. 9	Jan. 6
Abbott Labs	51¾	52½	Corning Glass	49⅝	50	Johns Manville	29⅛	30⅛	Revlon	40⅝	41	Woolworth	17⅞	18
Addressograph	14⅛	14⅝	CPC Int'n'tional	44	45	Johnson Johnson	71	71⅝	Reynolds Metals	30⅛	31¼	Wyly	0⅞	0⅞
Aetna Life & Cas	34⅛	34¼	Crane	25⅛	25⅝	Johnson Control	25¼	26	Reynolds R. J.	56⅛	56¾	Xerox	46⅛	46⅝
			Crocker Nat	23⅝	24⅛	Joy Manufactur'g	41⅞	41¾	Rich'son Merrell	22	22	Zapata	16⅝	16⅞
			Crown Zellerbach	32⅝	32⅛	K. Mart Corp	25½	25⅞	Rockwell Inter	29⅛	29⅝	Zenith Radio	13⅝	13¼

CANADA

GERMANY ♦

Jan. 9	Prices Dm.	+ or −	Div. %	Yld. %
AEG	88.5	+1.1	—	—
Allianz Versich.	477	−2.5	818	2.0
BMW	226	+1	20	4.4
BASF	157.1	−0.8	17	5.2
Bayer	135.9	−0.8	16	6.0
Bayer. Hypo	277xr	+1	20	3.6
Bayer. Vereinsbk	307	−1	20	3.2
Ciba-Geigy Ned. wrts	150		—	—
Commerzbank	217.6	+0.9	18	4.2

AMSTERDAM

BRUSSELS/LUXEMBOURG

COPENHAGEN ♣

VIENNA

TOKYO ¶

Jan. 9	Prices Yen	+ or −	Div. %	Yld. %
Asahi Glass	318	−2	14	2.2
Canon	422	−2	12	1.4
Casio	527	−5	25	2.4
Chinon	402	+42	20	2.5
Dai Nippon Print	539	−4	18	1.7
Fuji Photo	474	−1	15	1.6
Hitachi	194	−1	12	3.1

SWITZERLAND ⊙

MILAN

AUSTRALIA

Jan. 9	Aust. $	+ or −
ACMIL (25 cent)	†0.79	
Acrow Australia	†0.86	
Allied Mnfg.-Trdg. Indus $1	†2.30	
Ampol Exploration	†1.56	+0.05
Ampol Petroleum	†0.52	−0.01
Assoc. Minerals	†0.88	
Assoc. Pulp Paper $1	†1.06	

PARIS

STOCKHOLM

BRAZIL

Jan. 9	Price Cruz	+ or −	Div. Cruz	Yld. %
Acesita	1.55	−0.05	0.12	[illegible]
Banco Brazil BP	4.16	−0.05	0.18	[illegible]
Belgo Mineira OP	1.84	−0.04	0.12	[illegible]
Doces OP	0.96	−0.01	0.14	[illegible]
Lojas Amer. OP	2.44	+0.04	0.20	8.81
Mannesman OP	2.67	+0.07	0.18	7.00
Petrobras PP	2.64	+0.01	0.10	[illegible]
Samitri OP	1.20		0.06	[illegible]

OSLO

JOHANNESBURG

MINES

INDUSTRIALS

SPAIN ♥

FARMING AND RAW MATERIALS

Depressing outlook for wool

SYDNEY, Jan. 9.

WOOL TRADE sources here see no prospect of any early boost to wool prices and forecast the second half of the 1977/78 Australian auction programme will open to-morrow with prices unchanged from the depressed first half closing levels.

Finer merino wools are barely above their Australian Wool Corporation floor prices and the question is how heavily the Corporation will have to intervene to support prices, boosting its already large stocks, the sources said.

The key factor for the coarser wools and for the market overall will be whether Soviet and East European buying resumes as strongly as in the first half when, with heavy AWC intervention, it helped support prices when the Japanese wool buying rate slipped significantly in November and December.

The sources feel Comecon buying will return at least initially, but note demand from this source is not easy to predict and could fall after a few weeks.

Japanese sources said they did not expect increased wool demand from Japan, Australia's largest customer, for at least the next few months.

Western European demand is also sluggish

Reuter

UN plan to boost tea

GENEVA, Jan. 9.

TEA remains one of the most depressed agricultural commodities in international trade despite last year's record prices, a senior United Nations official said here.

Mr. Alister McIntyre, director of the commodities division of the U.N. Conference on Trade and Development, told a 35 nation meeting tea prices hit record highs last year but were more than 15 per cent. lower in real terms than at the beginning of the 1960s.

A policy paper prepared for the meeting proposes a \$145m.-\$215m. plan to maintain three tea funds for five years. These would pay for a buffer stock, diversification and promotion.

The outlined agreement would aim to control supplies through a buffer stock, supported by export entitlements.

WORLD SILVER

WASHINGTON, Jan. 9.

WORLD mine output of silver rose in 1977 by 4 per cent. above the level of 1976 to 318.0m. troy ounces, according to preliminary estimates by the U.S. Bureau of Mines.

Reuter

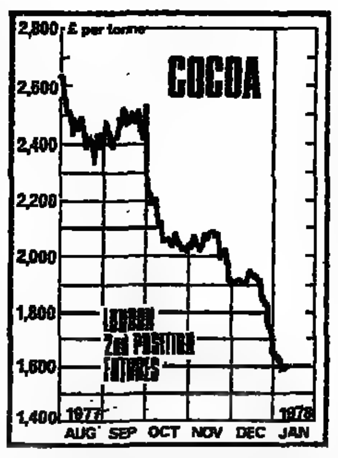
U.S. demand for cocoa beans declines sharply

BY RICHARD MOONEY

THE DECLINE in U.S. demand for cocoa beans continued to accelerate in the last quarter of 1977. September - December grindings slipped to 43.485 short tons, 27.6 per cent. below the total in the last quarter of 1976.

The cut, announced by the U.S. Chocolate Manufacturers' Association yesterday, was larger than the 25 per cent. generally forecast by cocoa traders in New York and London. But an immediate downward reaction in prices was quickly shrugged off and futures values ended higher on the day.

By the close May delivery cocoa had recovered to £1,600.75 a tonne up £12.75 on the London terminal market after slipping to £1,578 a tonne soon after the announcement.



The September - December figure represented the biggest year-on-year decline registered during 1977. The first quarter's total was 7.2 per cent. down on the corresponding 1976 figure, the second quarter's 14.7 per cent. down and the third quarter's 25.6 per cent. lower.

Dealers attributed the market's muted reaction to the announcement to the fact that the decline was largely compensated for by increased imports of cocoa products. U.S. traders also suggested that the figure might have been exaggerated by the diversion of beans normally destined for the U.S. market to Europe, where a supply shortage had pushed prices higher.

The impact of grinding figures on prices has diminished over the past year because of the growing tendency for beans to be processed in producing countries where labour costs are lower than in the U.S.

This is reflected in a sharp rise in U.S. imports of unsweetened chocolate which rose to 71.5m. lbs in the first seven months of 1977 compared with 40.3m. lbs in the corresponding period of 1976. London dealers said yesterday the fall in U.S. chocolate consumption was thought to be 10-12 per cent.

The quick recovery in prices might have been encouraged by buying by manufacturers, who had held off the market in the hope that they would be able to obtain supplies more cheaply after the announcement, some traders suggested.

U.S. and European manufacturers have been reluctant buyers of cocoa for some months because of expectations of a substantial surplus in the current crop season.

No Ghana cocoa purchase figure was announced yesterday but London traders said market talk suggested a figure for the week to January 5 of just over 19,000 tonnes.

First meeting of rubber council

BY OUR OWN CORRESPONDENT

KUALA LUMPUR, Jan. 9.

MEMBERS OF the International Natural Rubber Council will hold their first meeting here tomorrow to discuss the setting up of a secretariat in the Malaysian capital which will co-ordinate the operations of the international rubber price stabilisation scheme.

The Council was set up under the international rubber price stabilisation agreement signed in December, 1976, by five members of the Association of Natural Rubber Producing Countries—Malaysia, Indonesia, Singapore, Thailand and Sri Lanka.

Apart from the five signatories of the agreement, two other members of the association—India and Papua New Guinea—will attend to-morrow's meeting, which will be opened by Datuk Taib Mahmud, Malaysia's new Minister of Primary Industries.

It is understood that a Malaysian will be appointed to head the Council secretariat, as Malaysia is the biggest natural rubber producer and the prime mover of the rubber price stabilisation scheme.

The signatories have agreed to create a modest stockpile of 100,000 tons of rubber, to be supplemented by supply rationalisation programmes of individual member countries if the need arises.

So far, however, the scheme has not been tested as rubber prices have been well above the floor prices.

The three-day Council meeting is expected to discuss the appointment of a Secretary-General for the Association's secretariat (also based in Kuala Lumpur) to replace Dr Moeljono of Indonesia, who has left for another job. Indonesia, Thailand and Sri Lanka are expected to bid for the job.

Malaysia will also inform other members of Vietnam's intention to resume membership of the Association.

U.S. to change sugar tax

WASHINGTON, Jan. 9.

THE U.S. told the organisation of American States that the present variable sugar import tax might be terminated and replaced with a fixed import tax, the OAS said here.

The U.S. indicated there were practical and administrative problems with the present variable levies and a new Presidential proclamation replacing that system was needed very quickly.

The new tax will have a fixed fee, still to be determined, on raw sugar with a slightly higher level imposed on refined sugar imports.

The U.S. recently imposed a tax of 3.00c a pound raw value, and 3.35c a pound on refined sugar imports as well as raising the import duty to 2.8c a pound. The tax and increased duties were designed to implement a provision in the 1977 Farm Bill, which guarantees U.S. producers at least 13.5c a pound for their sugar.

Oversold tin market rallies

By John Edwards, Commodities Editor

TIN PRICES rallied on the London Metal Exchange yesterday as buying interest came into an oversold market. Standard grade cash tin closed £105 up at £6,367 a tonne, and widened its premium over the three months quotation which gained £77.5 to £6,335.

The rally came despite a small decline in the Penang market at the week-end and—as expected—another rise in stocks held in LME warehouses. The rise of 350 tonnes in tin stocks bringing holdings to 4,435 tonnes was the fourth weekly increase in succession.

London values opened on an easier note, but moved up on reported consumer demand and the belief that the market had probably "bottomed out" for the moment at least after its recent very steep fall.

As anticipated copper stocks fell 700 tonnes, reducing total warehouse holdings to 640,475 tonnes.

Lead stocks fell 350 tonnes to 66,575 tonnes, but the cash price discount to the three months quotation widened to nearly £6 after closing £2 down at £359.25 a tonne.

Zinc stocks fell by 475 to 64,050 tonnes. LME silver holdings rose 480,000 to 19,690,000 ounces.

U.K. fish processors in 'dire need'

By Our Commodities Staff

AN URGENT plea to help save the jobs of a large proportion of Britain's fish processing workers was made to Mr. John Silkin, the fisheries Minister, yesterday by representatives of the industry.

The industry is particularly concerned about the lack of progress in talks on access to the waters of non-EEC countries.

Mr. Silkin was told that the fish processors were in "dire need" and that it would be dangerous to delay these third-country discussions until after the EEC's own common fisheries policy had ben agreed.

"We need more fish now—from anywhere," a Frozen Food Producers' Association official said.

Mr. Silkin is preparing for next week's EEC fisheries talks and has already held meetings with the British Fishing Federation and other U.K. fish catchers' associations as well as Mr. Finn Gundelach, the EEC fisheries commissioner.

He will meet representatives of Britain's fishing unions to-day.

U.K. FARMING

Not all gloom in the pig business

BY OUR COMMODITIES STAFF

FOR THE SECOND year in the past four Britain's pig farmers failed to show a profit during 1977. But while some went out of business, the more efficient were able to expand, thus continuing the pattern of the past 10 years, with the control of the industry becoming concentrated in the hands of a smaller group of producers.

These are the broad conclusions drawn by Cambridge University's Agricultural Economics Unit from a study of the industry in general and the results of 146 farmers taking part in the university's pig management scheme in particular.

The overall performance of the farms showed a margin of only £0.71 per £100 output for the year ended September 30. This is the lowest on record, and markedly worse than the other bad season in 1974, when the margin was only £2.69. In the two intervening years profits were £22.07 and £16.61 per £100.

But despite the poor results the number of breeding females kept on the 146 farms increased by 4 per cent., "suggesting that at least some have not completely lost confidence for the future," the report says.

The main cause of the profits slump last year was not so much the heavy supply of pigs on the fresh meat market but the sharp increase in feed prices, especially early in the year. From midsummer most of the main feed makers announced price cuts almost every month.

Compared with 1976 the average price of feed used by farmers in the management scheme increased almost 30 per cent., or £25 a tonne. A fraction of this was offset by a 6 per cent. increase in prices for the end product, but this was far from enough to do anything to help profits.

The report says had it not been for an improvement in efficiency on the farms, the small profit achieved would undoubtedly have been a loss. By weaning piglets earlier feed was saved and the breeding cycle was shortened.

Labour efficiency also improved, and costs per pig reared barely changed during the year.

Cheaper

Since the end of September the picture has brightened, and pigs have again become profitable. The rise is attributed to a fall in feed prices. Barley and wheat, the main feed grains, came down about £15 a tonne, and soya, the principal source of protein, is now about £50 a tonne cheaper.

At the end of last year made-up feed was about £10 a tonne cheaper than the average cost in the year from September, 1976.

"Future profits depend largely on the relationship between feed and pig prices," the report says.

"Forecasts suggest that only small changes are likely in the year ahead. Unfortunately, the past is littered with inaccurate predictions. In reality almost anything is possible these days and the prudent pig keeper will concentrate on the aspects of production over which he has some control."

The authors illustrate how an efficient pig farmer can hope to profit while the inefficient will find the going harder and harder.

On an "efficient" farm, the pigs are fed 4.5 kilos of feed for every 1 kilo of dead pig produced, compared with an average 5 kilos of feed. With feed at 10p a kilo the efficient man spends £3.40 less on each pig than the average producer.

At the botom end of the scale feed costs are likely to exceed the average by a further £3.40. The least capable farmers will earn about £7 a pig less than the best.

This range of individual results, the authors say, shows how the more efficient will have a lower break-even point and thus a more profitable herd of pigs.

"An efficient herd is obviously in a much better position to meet the future and in the long term should manage to achieve a reasonable income from pigs."

The man with such a herd, it seems, is the one most likely to go on increasing the number of sows on his holding, while the worst performers go to the wall.

Since 1968 the number of farms in Britain with a herd of pigs has fallen about 55 per cent., but the size of the national breeding herd, for all its fluctuations, is similar to that of 10 years ago.

Pig Management Scheme Results for 1977. £1 from the Agricultural Economics Unit, 21, Silver Street, Cambridge.

Grain support buying starts

BY CHRISTOPHER PARKES

THE COMMON Market's support buying mechanism for cereals was brought into operation in Britain for the first time yesterday afternoon

About 250 tonnes of barley for which Lincolnshire growers had been unable to find an economic price on the open market was taken under the wing of the Intervention Board for Agricultural Produce.

The grain is now locked away, partly in private premises and partly in Government-owned stores. It will not be released, either on the home or export market, until the cereals management committee in Brussels gives the go-ahead.

The Intervention Board said yesterday that more barley was being delivered "but not in very substantial quantities."

Many farmers and grain merchants are making "test" offers of grain to the intervention board to see how their supplies match up to the quality standards required.

Since grain taken off the market under the EEC support buying arrangements might have to be held in store for a year or more the standards are high. This year, however, because of poor harvesting conditions, the criteria have been relaxed and offer prices reduced accordingly for the poorer samples.

The flow of grain into the public stores is being closely monitored on instructions from the Ministry of Agriculture. Although 200,000-250,000 tonnes of storage space has been prepared to take in this year's surplus, the Government would clearly be disappointed if the stores were filled up.

It is likely that a flood of offers to the Intervention Board would be followed by restrictive action from the Ministry.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Little changed on the London Metal Exchange in quiet trading against a background of more stable foreign exchange conditions. Forward metal initially moved around £685-£686 but then [illegible] in the afternoon and London moved up to close on the Kerb at £686. Turnover 8,700 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £670, three months £685, 84.5, 84, 85.5. Cathodes, three months £672.5. Kerb: Wirebars, three months £685.5, 84. Afternoon: Wirebars, three months £685, 85.5, 84, 84.5, 85, 86, 85.5. Kerb: Wirebars, three months £685.5.

TIN—Firmer in moderately active conditions. The East was steady after the week-end and forward metal started in London at £6,285. Hedge buying against some physical demand in an oversold market lifted the price from £6,270 to £6,355 and the backwardation widened. The close on the Kerb was £6,355. Turnover 1,890 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	669-.5	-6	670.5-1	-.25
3 months	683-.5	-6	685-.5	+.5
Settl'm'nt	669.5	-6	—	......
Cathodes				
Cash	658-.5	-4.5	660-.5	+1
3 months	672-.5	-4.25	674-.5	+1.5
Settl'm'nt	658.5	-8.5	—	......
U.S. Smlt.	—	......	60-62.5	......

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6300-10	-57.5	6365-70	+105
3 months	6295-300	-42.5	6340-50	+72.5
Settlem't	6310	-55	—	......
Standard				
Cash	6300-10	-57.5	6365-70	+105
3 months	6285-90	-55	6330-40	+77.5
Settlem't	6310	-55	—	......
Straits E.	$1690	-2	—	......
New York	—	......	—	......

LEAD

ZINC

SILVER

COCOA

JUTE

COFFEE

GRAINS

RUBBER

SOYABEAN MEAL

SUGAR

WOOL FUTURES

MEAT/VEGETABLES

PRICE CHANGES

Prices per tonne unless otherwise stated

FINANCIAL TIMES

REUTER'S

DOW JONES

MOODY'S

VEGETABLE OILS

U.S. Markets

Gold and silver higher

NEW YORK, Jan. 9.

GOLD and silver closed appreciably higher on continued uncertainty about the U.S. dollar. Gold managed a 200 point gain on the day. Silver finished 300 points higher. Sugar closed fractionally higher on lack-lustre volume of 1,000 contracts. Coffe managed another impressive gain on dealers and speculative buying, Bache reports.

Cocoa—March 142.30 (140.55), May 132.00 (130.55), July 127.00, Sept. 125.10, Dec. 121.50, March 119.85, May 115.35. Sales: 673.

Coffee—"C" Contract: March 197.10-197.25 (196.00), May 187.10 bid (183.50), July 179.05, Sept. 175.25-175.45, Dec. 161.00-162.00, March 155.00-156.00, May 140.00-137.00.

Copper—Jan. 59.70 (59.60), Feb. 60.00 (60.10), March 60.40, May 61.40, July 62.40, Sept. 63.30, Dec. 64.60, Jan. 65.10, March 66.00, May 66.90, July 67.80, Sept. 68.70. Sales: 2,900.

Cotton—No. 2: March 53.60-53.70 (53.27), May 54.61-54.80 (54.37), July 55.74-54.75, Oct. 56.90-57.00, Dec. 56.70-56.79, March 59.10 bid, May 59.65-59.00. Sales: 225,000 bales.

*Gold—Jan. 172.40 (170.30), Feb. 173.30 (171.30), March 174.50, April 175.70, June 178.20, Aug. 180.70, Oct. 183.20, Dec. 185.70, Feb. 188.30, April 190.90, June 193.50, Aug. 196.20, Oct. 198.90. Sales: 11,000.

†Lard—Chicago loose 19.00 (same). New York prime steam not available (19.50 traded).

‡Maize—March 223¼-223 (222¾), May 227¼ (226½), July 228¾, Sept. 228-228¼, Dec. 229¼-229½, March 235¼.

§Platinum—Jan. 193.00 (190.50), April 196.90-197.00 (194.20), July 200.20-200.40 asked, Oct. 203.50, Jan. 207.50, April 209.50-209.80. Sales: 1,438.

¶Silver—Jan. 492.30 (487.90), Feb. 494.20 (489.20), March 497.50, May 504.10, July 510.70, Sept. 517.30, Dec. 527.30, Jan. 530.80, March 537.50, May 544.20, July 550.90, Sept. 557.70. Sales: 15,000.

Soyabeans—Jan. 587½-588 (586½), March 596-597½ (595¼), May 605-605½, July 610½-...

STOCK EXCHANGE REPORT

Turndown in Gilts on announcement of new tap issue

Share index loses 5.6 at 491.7 on reluctance of buyers

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Dec. 12	Dec. 29	Dec. 30	Jan. 11
Jan. 3	Jan. 12	Jan. 13	Jan. 24
Jan. 16	Jan. 26	Jan. 27	Feb. 7

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Stock markets yesterday were notable chiefly for a sharp turndown in British Funds in the late trade and a continuing selective demand for second-line equities. The changed sentiment in gilts followed the quite unexpected announcement that £800m. of 10¾ per cent. Exchequer 1995 is to be issued on Thursday at a price of 95, £30 being payable on application.

In official trading, quotations had progressed by up to ¾ on hopes of another early fall in short-term money rates and in the absence of a tap stock announcement last Friday, the usual day for such proclamations. During the inter-office business, however, there was a turnaround of a point and more with quotations ending about ¼ down on balance on a general marking down.

The Government Securities index, 0.70 off in the previous three business days, managed to harden a shade to 77.89 owing to an unrepresentative rise of ¾ in Treasury 3½ per cent. 1979/81. Other short-dated stocks were barely changed on balance after a relatively small trade.

Firmness in second-line equities usually centred on those mentioned in the week-end Press and on the current speculative favourites. The leaders tended to drift lower in the absence of support with the continued weakness on Wall Street undermining sentiment.

The FT 30-share index was 4.3 off at 11 a.m. and later traded at around three points down but prices were lowered further in the late trade and the closing index, 491.7, represented a fall of 5.6 after last week's gain of 11.9. Business was usually for small parcels of stock although official markings, at 6,866, were at their highest for nearly four months.

The broad-based FT-Actuaries share indices were generally a shade lower, while rises and falls in FT-quoted equities were fairly evenly matched. A feature thrown up by the dull spots was the large number of overseas-based issues, mainly Americans, which recorded new 1977/78 lows.

Late setback in Gilts

The market in British Funds was routed by the announcement of the new long tap issue and surrendered gains, approaching ½ at one stage, to be as much as ¾ lower on balance in dealings after the official close. Longer maturities had led the upturn with business mainly revolving round Treasury 10½ per cent. 1999 and Exchequer 10½ per cent. 1997, the two situation stocks. Yield attractions were the basic stimulant in view of possible further falls in interest rate levels, yesterday's easier trend in sterling against the dollar being disregarded as a market influence. The latest uninspiring wholesale price indices brought a slight reaction from the highest quotations, but the main fall came when business resumed after the usual adjournment to assess a new tap issue. A certain amount of stock was offered despite protective marking down by dealers. Short-dated stocks had rises, extending to ¼ at the best, pared and often erased in the after-hours' trading. The exception was Treasury 3½ per cent. 1979-81 which, in clean form, encouraged scattered demand and rose ¾ to 91¾. Corporations passed a quiet session but displayed sporadic improvements ranging to ¼.

A well balanced early trade in investment currency made little impact on the premium which traded between 69 and 69½ per cent. for much of the day until easing late on the effects of sterling and closing a net ½ lower at 68½ per cent. Yesterday's SE conversion factor was 0.8013 (0.8039).

FNFC firm

After last Friday's late reaction which followed news of the base rate reductions, the major clearing Banks became steadier. Midland, the last to come into line yesterday, closed unaltered at 395p. Elsewhere, Bank of Ireland put on 3 to 363p and the 10 per cent. Convertible improved 6 points to £164. Ahead of Friday's preliminary results, First National Finance Corporation issues found support, the Ordinary improving ¼ to 2¾p and the Warrants a fraction to 1p, while the 9¾ per cent. Convertible 1992 moved up 5 points to £21.

Insurances moved lower with Royals 5 down at 420p and General Accident 4 cheaper at 246p. Hogg Robinson eased 2 to 174p in response to the interim results.

Breweries had a quieter session. Scottish and Newcastle were marginally harder at 69p in front of Thursday's interim figures, while Press comment lifted Boddingtons 2 to 142p and Matthew Brown 4 to 110p. Burtonwood continued firmly, rising 3 to 160p for a two-day gain of 15.

A lively trade developed in selected Buildings where sentiment was assisted by hopes of an imminent reduction in mortgage rates. Press comment drew buyers' attention to Armitage Shanks, which touched 77p before closing 3½ higher at 73½p, while Barratt Developments improved 2 to 128p. Buying in a thin market left Econa 5 higher at 72p and Ellis and Everard a similar amount dearer at 95p. John Finlan also put on 5 to 27p, while improvements of 6 were recorded in Nottingham Brick, 218p, Parker Timber, 110p, Aberthaw Cement, 158p, and Pochins, 90p. In front of to-day's preliminary results, SGB closed unaltered at 132p.

Chemical leaders drifted lower on lack of support. ICI shed 7 to 347p and Fisons 3 to 378p. Elsewhere, British Tar improved 3 to 60p.

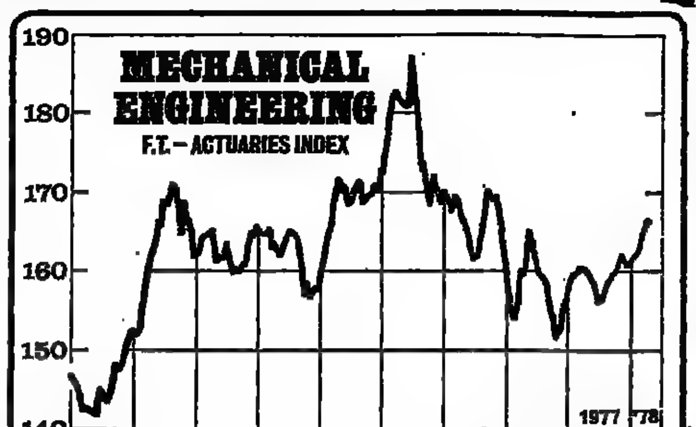
Excalibur better

Secondary Stores encountered a brisk demand and often closed firmer for choice. Excalibur Jewellery, at 20p, recorded a Press-inspired rise of 2½, while Vantona, 123p, and NSS Newsagents, 117p, put on 4 and 6 respectively. H. Samuel A hardened 3 to 268p in reply to the encouraging trading statement. Wharf Mill, however, declined 3 to 19p. Leading concerns failed to attract much trade and drifted lower with Mothercare losing 4 to 196p and Marks and Spencer 2 to 158p.

Shoes were highlighted by K which rose 6 to 60p in response to an investment recommendation. Lambert Howarth hardened 2 to 40p.

Thorn held up reasonably well before drifting off in the late dealings to end at 386p, down 8; the interim results are due on Friday. Minor losses in other Electrical leaders included GEC, 3 cheaper at 274p, and EMI, 2 lower at 184p. Elsewhere, United Scientific encountered occasional support and put on 4 to 293p, while Electrocomponents, gained 5 to 330p. Gains of 3 were established by BICC, 114p, Cosment Radio, 172p, and Forward Technology, 105p. Smaller-priced issues to make headway took in A. Bulgin, 21½p, and Electronic Machine, 24½p, up 1½ apiece.

Vickers remained the focal point in Engineerings, opening higher at 197p following week-end Press comment about possible compensation terms and settling a net 6 up at 194p, after 192p. In contrast, Tubes eased 4 to 392p and falls of a few pence were seen in J. Brown, 239p, and GKN, 270p. Country buying prompted a rise of 5 to 80p in Ratcliffe Industries, while Brown and Tawse at 88p put on a similar amount in response to the half-yearly results and encouraging statement. Gains of 5 were also recorded in ACE Machinery, 110p, and Porter Chadburn, 110p. Fresh buying interest was seen in Manganese Bronze, 89p, and Wolseley-Hughes, 188p, up 3 apiece, while Midland Industries improved 1½ to 44p ahead of Thursday's results and Glynwed closed similarly dearer at 103½p following favourable Press mention. United Spring firmed a penny to 23p after the annual statement, but the lower half-yearly profits lowered Leys Foundries a penny to 39p.



Foods had the occasional firm spot. W. J. Pyke moved up 3 to 34p on the return to profitability and the dividend list, while J. Bibby responded to Press comment with a rise of 8 to a 1977-1978 peak of 208p. Small buying in thin markets led to a rise of 5 to 25p in G. F. Lovell and an advance of 15 to 485p in British Sugar. Robertson Foods, a firm market of late on bid hopes, lost another 5 at 135p, after 133p, while J. Sainsbury, at 202p, gave up 5 of Friday's gain of 9.

Wilson Walton good

Leisure and General featured Hotels and Caterers with a rise of 7 to 68p on the revised offers from Ladbroke; the latter finished 3 cheaper at 207p. Norfolk Capital edged up 2 to 27p in front of to-day's preliminary results, but Trust Houses Forte eased 3 to 194p. Following adverse Press comment on the bid situation, Pontin's declined 4 to 42p in sympathy with a fall of 6 to 122p in Coral Leisure.

Firm features were plentiful among secondary Industrials. Week-end Press comment induced a fair number of these including Wilson Walton, which moved up 8 in active trading to 79p, Sunlight Services up 5 at 31½p, after 33p, and Rockware, similarly dearer at 145p. Other Press-inspired improvements of 4 were seen in ICL, 248p, Silentnight, 84p, Sandhurst Marketing, 24p. A report that the company had last week booked a record 4,000 overseas holidays in one day helped Horizon Midlands put on 4 more to 92p, while Davies and Newman, the Dan-Air concern, gained a like amount at 126p. Hopes of good business at the forthcoming Toy Fairs at Harrogate and Peterborough aided Berwick Timpo to improve 3 to 52p and Dunbee Combex 4 to 144p. Following the recommended cash offer of 55p per share from United Medical Enterprises, dealings were resumed in Allied Investments, which closed at 53p, after 56p, compared with the suspension price of 47p. Wood and Sons added 4 at 26p and F. Austin (Leyton) hardened 2½ to 13½p. Hestair, however, shed 4 to 110p, after 108p, following adverse comment and RFD eased a penny to 70p on the profits standstill. Details of redundancies brought about by the Peterborough strike left Lesney Products 2 off at 61p. Beecham lost 10 to 663p among the leaders where Unilever gave up 8 to 538p and Rank Organisation 7 to 255p.

Motors and Distributors rarely strayed from Friday's levels. Associated Engineering eased 1½ to 122½p, while Lucas Industries, 284p, and Dunlop, 88p, shed 2 apiece. Oliver Rix, however, hardened ¾ to a 1977/78 peak of 5¾p in response to the chairman's statement.

Leading Properties failed to benefit further from last Friday's reduction in interest rates, but secondary issues recorded some fresh useful gains. Haslemere put on 5 to 260p and United Real 7 to 267p, while Rush and Tomkins put on 4 more to 115p in response to recent news of the sale of its Sevenoaks industrial estate for £3.8m. McKay Securities were marked up 20 to 165p in an attempt to find stock and, still reflecting Press mention, Clarke Nickols rose 3 more to 63p. Among smaller-priced issues, Marler Estates were noteworthy for a rise of 3½ to 17½p, but Carding, a good market of late, came back 1½ to 15½p.

British Petroleum were a relatively quiet market and moved within a narrow limit before easing late in sympathy with opening Wall Street dullness to finish at 836p, down 6. Shell drifted 5 lower to 522p, while overseas influences left Royal Dutch ¾ cheaper at £35⅞. Elsewhere in Oils, fresh small speculative interest was shown in Siebens (U.K.), which firmed 4 more to 288p, while continued demand in a limited market left Clyde Petroleum up 4 more at 142p. On the other hand, Century were dull at 51p, down 3.

Investment Trusts closed with widespread losses following small public selling. Guardian Investment reacted 4 to 73p, while Rothschild, 171p, and Alliance Trust, 212p, lost 5 apiece. North American eased 3 to 92p as did London and Montrose to 174p. In Financials, London Merchant rose to 97p before settling 2 better on the day at 95p.

After opening substantially higher at 345p following support late on Friday, Furness Withy marked time and closed 9 better on the day at 343p. Other Shippings traded quietly at cheaper levels which were established at the outset following adverse week-end Press comment. P and O Deferred reacted 4 to 113p, while Reardon Smith "A" eased 2 to 41p: the latter's interim figures are expected to-day.

Textiles were again better for choice. Carrington Viyella hardened 1½ to 40½p, while RKT, 67p, and Parkland A, 72p put on 4 apiece. Courtaulds, however, eased 3 to 118p with other equity leaders.

Gold Fields Properties improved 12 to 90p in South Africans following Cape support.

De Beers weaken

De Beers featured in an otherwise subdued mining section with the share losing considerable ground in late trading to close 10 down on balance at 293p, after being 302p in the early afternoon, in front of the Central Selling Organisation's 1977 diamond sales figure, which is reported in our Mining News column to-day.

Meanwhile, South African Gold shares endured an uneventful day despite the afternoon recovery in the bullion price, which was finally $1.25 better at $171.125 per ounce. The December 1977 quarterly reporting season opens to-day with the mines of the Consolidated Gold Fields group. The Gold Mines index showed a 0.3 improvement at 136.9.

South African-domiciled Financials traded quietly with Anglo American 3 harder at 263p and UC Investments 2 firmer at 200p.

Continuing hopes of a political settlement led to further buying of Rhodesians although business was on a smaller scale than on Friday. Nevertheless, Falcon Mines advanced 15 more to 185p—a two-day gain of 20—and Wankie Colliery were another 2 better at 41p, after 42p.

Among otherwise steady London-registered Financials Gold Fields recovered strongly in late trading to close unchanged on balance at 183p after 180p.

Uraniums were notably weak in a generally easier Australians section. The overnight decline in Sydney and Melbourne markets left Pancontinental 75 off at 875p and Peko-Wallsend 15 lower at 390p. In Tins, dealings were resumed in Pahang Consolidated; the shares were quoted at 40p compared with the June 1976 price at suspension of 27p.

FINANCIAL TIMES STOCK INDICES

	Jan. 9	Jan. 6	Jan. 5	Jan. 4	Jan. 3	Dec. 30	A year ago
Government Secs.	77.89	77.86	78.09	78.30	78.58	78.09	62.58
Fixed Interest	81.27	81.23	81.19	81.17	81.03	80.72	63.90
Industrial Ordinary	491.7	497.3	494.5	487.8	486.6	485.4	363.6
Gold Mines	136.9	136.6	130.3	138.3	132.7	133.2	114.3
Ord. Div. Yield	5.47	5.41	5.42	5.50	5.52	5.51	6.14
Earnings Y'ld%(full)(*)	16.62	16.46	16.47	16.73	16.78	16.74	19.24
P/E Ratio (net) (*)	8.53	8.62	8.61	8.48	8.45	8.47	7.61
Dealings marked	6,866	6,426	6,231	4,747	4,178	4,918	6,154
Equity turnover £m.	—	87.25	76.98	69.54	49.10	58.58	63.75
Equity bargains total	—	18,151	15,287	14,715	12,097	11,949	14,784

10 a.m. 496.4. 11 a.m. 492.6. Noon 494.1. 1 p.m. 494.6. 2 p.m. 494.4. 3 p.m. 493.9.
Latest Index 01-246 8026.
*Based on 52 per cent. corporation tax. †Nil=8.47.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1977/78 High	1977/78 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	79.85 (30/8)	60.45 (4/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1/78)	60.49 (4/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	549.2 (14/9)	357.6 (12/1)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	174.5 (15/10)	95.1 (1/2)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Jan. 9	Jan. 6
—Daily		
Gilt-Edged	235.6	190.3
Industries	258.6	222.7
Speculative	60.0	46.4
Totals	156.5	146.3
5-day Average		
Gilt-Edged	195.4	180.4
Industrials	193.6	178.5
Speculative	44.3	4.34
Totals	129.5	120.8

OPTIONS TRADED

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Jan. 11	Jan. 23	Apr. 13	Apr. 25
Jan. 24	Feb. 6	Apr. 27	May 10
Feb. 7	Feb. 20	May 11	May 23

For rate indications see end of Share Information Service

Calls were taken out in Thomson Organisation, Town and City Properties, Burmah Oil, British Land, Excalibur Jewellery, Western Areas, Caravans International, Campari, Consolidated Gold Fields, Belhaven Brewery, Dorrington Investment, William Press, Furness Withy, Selincourt, KCA, Britannia Arrow, Pacific Copper and President Steyn, while doubles were arranged in Town and City, Vickers, Premier, Consolidated Oil and Associated Leisure. A short-dated double was transacted in Vickers.

NEW HIGHS AND LOWS FOR 1977/78

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1977-78.

NEW HIGHS (171)

CORPORATION LOANS (2)
LOANS (1)
BANKS (4)
BEERS (9)
BUILDINGS (18)
CHEMICALS (3)
CINEMAS (1)
DRAPERY & STORES (14)
ELECTRICALS (7)
ENGINEERING (16)
FOODS (6)
HOTELS (2)
INDUSTRIALS (41)
MOTORS (7)
NEWSPAPERS (3)
PAPER & PRINTING (4)
PROPERTY (20)
SHOES (2)
TEXTILES (8)
TOBACCOS (1)
TRUSTS (2)
OILS (1)
RUBBERS (2)
MINES (1)

NEW LOWS (81)

AMERICANS (38)
Amax
American Express
Asarco
Baker Internatl.
Burroughs Corp.
CBS
CPC
Caterpillar
Chase Manhattan
Chesebrough
City Inv
Do. Cum. Prf.
Colgate-Palmolive
Cont. Illinois
Continental Oil
Crown Zellerbach
Esmark
Exxon
Firestone Tire
Fluor Corp.
Ford Motor
General Electric
Hutton (E. F.)
Ingersoll-Rand
Kaiser Aluminum
Mfrs. Hanover
Morgan (J. P.)
Norton Simon Inc.
Owens-Illinois
Rep. N.Y. Corp.
Rexnord
Richardson-Merrill
Shell Oil
Singer
TRW Inc.
Tenneco
Transamerica
United Technology
Woolworths

CANADIANS (13)
Bank of Montreal
Bk. of Nova Scotia
Bell Canada
Can. Imp. Bank
Canadian Pacific
Gulf Oil Canada
Imperial Oil
Inco
Inland Nat. Gas
Massey-Ferguson
Royal Bk. Canada
Toronto Dom. Bank
Trans. Can. Pipe

BANKS (2)
BankAmerica
Cr. Bancaire

CHEMICALS (1)
Hoechst

ELECTRICALS (1)
Philips' Lamp

ENGINEERING (1)
Cummins '78-94

FOODS (1)
Kraft

INDUSTRIALS (6)
Borg-Warner
B.H. Prop.
Dover Corp
Franklin Mint
I.C. Industries
St. Gobain

INSURANCE (2)
Comb'd Ins. Amer.
Travelers Corp.

MOTORS (1)
Volvo

SHIPPING (1)
Reardon Smith

TEXTILES (1)
Snia Viscosa Priv

TRUSTS (4)
Robeco (Br.)
Do. Sub. Shs.
Rolinco NV
Do. Sub. Shs.

OILS (2)
Cie. Fr. Pet. B
Royal Dutch

MINES (6)
Vogels.
M.I.M. Hldgs.
N. Broken Hill
Western Mining
Northgate Explrtn.
Tara Explrtn.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	12	1	[illegible]
Corpns. Dom. and Foreign Bonds	11	1	[illegible]
Industrials	343	370	[illegible]
Financial and Prop.	54	204	[illegible]
Oils	8	12	[illegible]
Plantations	4	6	[illegible]
Mines	35	23	[illegible]
Recent Issues	12	5	[illegible]
Totals	499	629	[illegible]

CONTRACTS AND TENDERS

LEGAL NOTICES

No. 004126 of 1977

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of MULTINATIONAL GAS AND PETROCHEMICAL SERVICES LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 19th day of December 1977, presented to the said Court by SWAN HUNTER SHIPREPAIRERS TYNE LIMITED whose registered office is at P.O. Box 14, North Shields, Tyne and Wear, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 23rd day of January 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

INCE & CO.,
Knollys House,
11, Byward Street,
London EC3R 5EN.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm, and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 20th day of January 1978.

PUBLIC NOTICES

DEVON COUNTY COUNCIL BILLS totalling £5m. will be issued on 10th January, 1978, maturing 11th April, 1978. Applications totalled £69m. Bills outstanding £5m.

ANNOUNCEMENTS

P. C. W. UNDERWRITING AGENCIES (SERVICES) LTD. are pleased to announce the appointment of the following to the Board with effect from the 1st January, 1978.

A. A. SAMPSON
R. D. GUILLERET
M. C. SNELL, A.C.A.

BASE LENDING RATES

A.B.N. Bank	6½%
Allied Irish Banks Ltd.	7½%
American Express Bk.	7 %
Amro Bank	6½%
A P Bank Ltd.	7 %
Henry Ansbacher	7½%
Banco de Bilbao	6½%
Bank of Credit & Cmce.	7½%
Bank of Cyprus	6½%
Bank of N.S.W.	7½%
Banque Belge Ltd.	7½%
Banque du Rhone	7 %
Barclays Bank	6½%
Barnett Christie Ltd.	8½%
Bremar Holdings Ltd.	7½%
Brit. Bank of Mid. East	7 %
■ Brown Shipley	7 %
Canada Permanent AFI	6½%
Capitol C & C Fin. Ltd.	9 %
Cayzer Ltd.	7 %
Cedar Holdings	8 %
■ Charterhouse Japhet	7 %
C. E. Coates	7½%
Consolidated Credits	7½%
Co-operative Bank	6½%
Corinthian Securities	6½%
Credit Lyonnais	6½%
Duncan Lawrie ¶	6½%
Eagil Trust	6½%
English Transcont.	8 %
First London Secs.	6½%
First Nat. Fin. Corpn.	9 %
First Nat. Secs. Ltd.	8 %
■ Antony Gibbs	7 %
Goode Durrant Trust	7½%
Greyhound Guaranty	6½%
Grindlays Bank ‡	6½%
■ Guinness Mahon	7 %
■ Hambros Bank	6½%
■ Hill Samuel §	7 %
C. Hoare & Co. †	6½%
Julian S. Hodge	7½%
Hongkong & Shanghai	7 %
Industrial Bk. of Scot.	7 %
Keyser Ullmann	7 %
Knowsley & Co. Ltd.	9 %
Lloyds Bank	6½%
London & European	8½%
London Mercantile	6½%
Midland Bank	6½%
■ Samuel Montagu	6½%
■ Morgan Grenfell	7 %
National Westminster	6½%
Norwich General Trust	7 %
P. S. Refson & Co.	7 %
Rossminster Accept'cs	6½%
Royal Bk. Canada Trust	7 %
Schlesinger Limited	7 %
E. S. Schwab	8½%
Security Trust Co. Ltd.	7½%
Shenley Trust	9½%
Standard Chartered	6½%
Trade Dev. Bank	6½%
Trustee Savings Bank	6½%
Twentieth Century Bk.	8½%
United Bank of Kuwait	6½%
Whiteaway Laidlaw	7½%
Williams & Glyn's	6½%
Yorkshire Bank	6½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 3%, 1-month deposits 3½%.
† 7-day deposits on sums of £10,000 and under 3%, up to £25,000 4%, and over £25,000 4½%.
‡ Call deposits over £1,000 3%.
§ Demand deposits 4½%.
¶ Rate also applies to Sterling Ind. Secs.

Oil equipment joint venture

WHESSOE Heavy Engineering of Darlington and Catalytic International of Philadelphia and London have formed a joint-venture company to provide offshore oil platform equipment installation work, commissioning, modification and maintenance services.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1977-78 high	1977-78 low
ICI	£1	13	347	−7	446	325
Vickers	£1	11	194	+6	242	144
Wilson Walton	10p	11	79	+8	84	38
Pontin's	10p	9	42	−4	46	22½
BP	£1	8	836	−6	966	778
Distillers	50p	8	175	−2	195	120
Grand Met.	50p	8	108	−1	109	62
Rank Org.	25p	8	255	−7	276	128
Reed Intl.	£1	8	137	−2	233	118
BATs Defd.	25p	7	234	−1	280	202
Coral Leisure	10p	7	122	−6	144	54
GEC	25p	7	274	−3	284	163
GKN	£1	7	270	−3	369	260
NatWest	£1	7	203	—	300	205
Shell Transport	25p	7	522	−5	635	434

RECENT ISSUES

EQUITIES

Issue Price p ‡	Amount Paid up	Latest Renunc. Date	1977 High	1977 Low	Stock	Closing Price p	+ or −	Div. P. or Amount	Times covered	Gross Yield	P/E Ratio
¶¶	F.P.	—	466	352	ERGO (R0.50)	465	+10	F25c	—	3.6	—
104	F.P.	20/1	123	109	Farmer (S.W.)	123	+1	b7.59	2.3	9.3	7.0
§55	F.P.	6/1	67	67	Holden (A)	67	......	b3.3	3.6	7.5	5.6
52	25p	27/1	30	36	I.M.I. 25p pd	30	+1	g1.29	2.7	8.8	6.1

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1977 High	1977 Low	Stock	Closing price £	+ or −
£98½	£50	3/3	54¼	49½	Bath 11½% 1986	54	......
£100	£50	25/1	52	47¼	Cardiff 11½% 1986	51¾	......
£100	F.P.	27/1	60	90	Central & Sheerwood 10% Uns. Ln. 1981	60	......
£99	£60	3/3	61	57½	Grampian Reg. 10⅞% 1985	61	......
£100	F.P.	—	99	98½	Hounslow Variable 1982	98½	......
$100	F.P.	—	$98¼	$97¼	Inco 8½% Notes 1984	$97¾	......
$100	F.P.	—	$98¼	$97½	Do. 9% Deb. 1992	$97¾	−¼
£100	£10	24/3	15⅝	11¼	Kensington & Chelsea 11½% 86-87	15¼	+⅛
£100	F.P.	—	100½	99⅞	Do. Do. Variable '82	100⅛	......
£100	—	—	100	99½	Leeds Variable 1982	100	......
£100	F.P.	—	100	100½	Leicester Variable 1982	100	......
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Mid Kent Water 7% 1982	[illegible]	......
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount paid up	Latest Renunc. Date	1977 High	1977 Low	Stock	Closing Price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of Ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ||| Introduction. □ Issued to former Preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

FT—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

		Mon., Jan. 9, 1978 Index No.	Day's Change %	Est. Earnings Yield% (Max.) Corp. Tax 52%	Gross Div. Yield% (ACT at 34%)	Est. P/E Ratio (Net) Corp. Tax 52%	Fri. Jan. 6 Index No.	Thurs. Jan. 5 Index No.	Wed. Jan. 4 Index No.	Tues. Jan. 3 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (170)	213.67	−0.2	16.58	5.47	8.53	214.04	212.72	210.58	209.32	138.4
2	Building Materials (27)	197.57	−0.1	15.59	5.34	9.17	197.86	195.39	194.17	192.93	115.6
3	Contracting, Construction (26)	348.37	−0.7	16.65	3.63	8.74	350.75	348.05	344.37	342.24	140.7
4	Electricals (15)	461.70	−0.6	14.46	3.83	9.95	464.54	464.37	461.63	458.80	271.6
5	Engineering Contractors (13)	306.96	−0.3	19.12	6.11	7.16	307.85	304.10	300.43	297.57	176.0
6	Mechanical Engineering (72)	166.52	+0.2	17.49	6.18	8.18	166.11	164.93	162.23	161.12	128.6
8	Metals and Metal Forming (17)	162.83	+0.2	19.38	8.67	6.83	162.47	161.90	159.95	160.11	117.4
	CONSUMER GOODS										
11	(DURABLE) (53)	195.81	−0.4	17.83	4.72	8.57	196.67	195.25	193.66	192.54	120.4
12	Lt. Electronics, Radio TV (15)	235.04	−0.4	14.99	3.50	9.63	235.96	235.12	232.51	231.23	132.9
13	Household Goods (12)	184.33	—	16.91	6.37	8.08	184.32	183.82	183.80	182.71	128.7
14	Motors and Distributors (26)	118.86	−0.6	20.30	6.25	7.38	119.61	117.92	117.27	116.54	79.9
	CONSUMER GOODS										
21	(NON-DURABLE) (175)	206.10	−0.6	15.02	5.53	9.63	207.25	205.66	204.74	203.98	148.3
22	Breweries (14)	231.80	+0.3	14.25	5.67	10.52	231.12	228.02	228.54	229.54	155.4
23	Wines and Spirits (6)	247.52	−0.9	16.32	5.58	9.29	249.65	249.50	248.44	249.88	161.7
24	Entertainment, Catering (18)	264.64	−1.7	13.57	6.47	11.24	269.17	267.80	267.13	263.80	179.3
25	Food Manufacturing (22)	202.13	−0.6	19.74	5.25	7.29	203.38	202.30	200.43	200.18	153.6
26	Food Retailing (16)	222.08	−0.5	12.20	4.06	11.92	223.22	219.57	216.52	214.69	135.4
32	Newspapers, Publishing (13)	360.21	−0.2	9.07	3.46	16.57	360.82	359.06	357.63	346.89	206.9
33	Packaging and Paper (15)	134.90	−0.8	19.55	8.65	7.37	135.99	133.49	131.95	129.45	93.6
34	Stores (37)	197.00	−0.5	9.79	4.02	16.10	197.95	197.04	196.60	195.12	112.[illegible]
35	Textiles (25)	174.33	−0.5	19.94	7.59	6.36	175.17	173.25	171.69	173.45	128.[illegible]
36	Tobaccos (3)	224.44	−0.7	21.53	8.02	6.19	226.11	224.53	224.56	226.56	213.3
37	Toys and Games (6)	101.93	+1.2	20.25	5.83	6.60	100.74	99.80	100.45	100.29	80.1
41	OTHER GROUPS (98)	194.78	−1.0	15.99	5.53	8.52	196.66	196.24	194.19	193.24	149.8
42	Chemicals (21)	258.33	−1.5	19.10	6.47	7.39	262.25	261.90	259.36	260.48	210.5
43	Pharmaceutical Products (7)	261.15	−0.7	10.56	3.72	12.15	262.96	262.35	259.87	259.93	[illegible]
44	Office Equipment (6)	130.29	−1.8	17.47	4.40	7.63	132.72	133.13	129.20	124.64	81.6
45	Shipping (10)	476.43	−1.4	20.67	6.15	5.73	483.01	482.88	477.97	474.36	413.8
46	Miscellaneous (54)	208.63	−0.3	14.97	5.87	9.48	209.16	208.23	206.62	204.29	144.5
49	INDUSTRIAL GROUP (496)	211.34	−0.6	15.78	5.46	8.98	212.52	211.26	209.65	208.67	145.1
51	Oils (4)	468.73	−0.8	14.85	4.18	8.19	472.64	479.54	478.42	471.75	408.[illegible]
59	500 SHARE INDEX	232.93	−0.6	15.64	5.27	8.86	234.32	233.65	231.46	230.64	160.[illegible]
61	FINANCIAL GROUP (100)	178.38	−0.3	—	4.91	—	178.96	177.85	174.39	172.38	123.[illegible]
62	Banks (6)	202.85	−0.1	24.29	5.03	6.28	203.04	204.03	197.89	196.61	150.[illegible]
63	Discount Houses (10)	226.35	+0.1	—	7.30	—	226.11	226.11	228.33	224.73	162.[illegible]
64	Hire Purchase (5)	169.48	+0.1	10.99	4.61	13.47	169.34	167.65	166.74	162.89	86.[illegible]
65	Insurance (Life) (10)	150.93	−0.3	—	5.49	—	151.39	148.19	145.04	139.29	105.[illegible]
66	Insurance (Composite) (7)	142.23	−0.9	—	5.66	—	143.46	142.42	139.75	137.55	108.[illegible]
67	Insurance Brokers (10)	333.71	−0.3	12.73	4.08	11.51	334.82	332.84	324.37	333.14	236.[illegible]
68	Merchant Banks (14)	85.17	−0.1	—	5.50	—	85.22	83.67	82.75	82.54	61.[illegible]
69	Property (31)	253.45	−0.1	2.72	2.70	69.05	253.62	251.34	249.20	244.83	146.[illegible]
70	Miscellaneous (7)	110.87	—	21.56	7.11	6.46	110.82	109.93	108.91	109.01	77.[illegible]
71	Investment Trusts (50)	196.58	−1.9	3.16	4.64	31.65	200.40	201.13	203.05	206.38	166.[illegible]
81	Mining Finance (4)	91.87	−0.2	16.97	6.38	6.85	92.09	89.59	91.56	90.85	88.[illegible]
91	Overseas Traders (19)	284.93	—	16.92	6.69	7.50	284.89	285.67	282.61	281.81	219.[illegible]
99	ALL-SHARE INDEX (673)	216.71	−0.6	—	5.23	—	217.99	217.22	215.10	214.20	157.[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Mon. Jan. 9	Day's change %	xd adj. To-day	xd adj. 1977 to date
1	Under 5 years	109.70	+0.09	0.09	0.09
2	5-15 years	125.07	[illegible]	[illegible]	[illegible]
3	Over 15 years	133.54	[illegible]	[illegible]	[illegible]
4	Irredeemables	147.62	[illegible]	[illegible]	[illegible]
5	All stocks	121.89	+0.03	0.04	0.04

FIXED INTEREST YIELDS — Br. Govt. Av. Gross Red.

			Mon. Jan. 9	Fri. Jan. 6	Year ago (approx.)
1	Low Coupons	5 years	7.17	7.18	[illegible]
2		15 years	9.25	9.25	[illegible]
3		25 years	9.88	9.87	[illegible]
4	Medium Coupons	5 years	9.43	9.43	[illegible]
5		15 years	10.32	10.31	[illegible]
6		25 years	[illegible]	[illegible]	[illegible]
7	High Coupons	5 years	9.91	9.93	[illegible]
8		15 years	11.10	[illegible]	[illegible]
9		25 years	11.36	11.37	[illegible]
10	Irredeemables		11.29	11.29	[illegible]

		Monday, Jan. 9 Index No.	Yield %	Friday Jan. 6	Thurs. Jan. 5	Wed. Jan. 4	Tues. Jan. 3	Friday Dec. 30	Thurs. Dec. 29	Wed. Dec. 28	Year ago (approx.)
15	20-yr. Red. Deb. & Loans (15)	65.51	11.73	65.31	65.36	62.89	62.60	62.48	62.48	62.57	[illegible]
16	Investment Trust Prefs. (15)	57.87	12.14	57.53	56.08	55.78	55.72	56.35	56.35	56.23	[illegible]
17	Coml. and Indl. Prefs. (20)	77.91	11.88	77.71	77.58	77.80	76.93	76.72	76.71	[illegible]	[illegible]

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 12p, by post 22p.

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

INSURANCE, PROPERTY, BONDS

CLIVE INVESTMENTS LIMITED
1 Royal Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101
Index Guide as at 6th December, 1977 (Base 100 at 14.1.77.)

Clive Fixed Interest Capital	135.19
Clive Fixed Interest Income	128.03

CORAL INDEX: Close 487-492

INSURANCE BASE RATES

† Property Growth	8½%
Cannon Assurance	4½%

† Address shown under Insurance and Property Bond Table.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1977-78 High	Low	Stock	£	+ or –	Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
101⅞	95⅝	Treasury 9pc 1978‡‡	100½	–⅛	8.95	6.05
104⅛	97¾	Treasury 10½pc '78‡‡	102⅜xd		10.23	5.15
100⅛	90¾	Exch. 5pc '76-78‡‡	99⅞	+⅛	5.03	5.80
107	95½	Treasury 11½pc '79‡‡	105⅛	+⅛	10.94	6.84
97¼	84⅞	Treasury 3pc '79‡‡	96	......	3.13	5.51
98⅜	85⅛	Electric 4½pc '74-79	97	......	4.38	6.11
106⅜	92	Treasury 10½pc '79‡‡	104⅜	+⅛	10.03	7.65
97⅝	84⅜	Electric 3½pc '76-79	96¼	......	3.64	5.66
107	87¾	Treasury 9pc 1980‡‡	103	+⅛	8.74	7.46
105¾	88⅜	Treasury 9½pc '80‡‡	102¾	+⅛	9.25	8.18
96	82¾	Treasury 3½pc '77-80	95	......	3.68	5.75
98¼	83⅜	Funding 5¼pc '78-80‡‡	96¼	......	8.27	6.70
112⅜	96⅜	Exchequer 13pc 1980‡‡	109⅜	+⅛	11.85	9.08
108⅜	92⅞	Treasury 11½pc 1981‡‡	105⅞xd	+⅛	10.86	9.23
94¼	77⅞	Treasury 3½pc 1979-81	91⅝xd	+½	3.82	6.54
104	86⅛	Treasury 9¾pc 1981‡‡	101⅛	......	9.64	9.32
97⅞	96⅞	Exch. 8¼pc 1981	96⅞	......	8.52	9.33
103½	97½	Exch. 9½pc 1981	100⅜xd	+⅛	9.45	9.33
92⅛	87¾	Exch. 3pc 1981	87¾	......	3.42	6.89
98¼	96⅛	Treas. Variable '81‡‡	96¼	......	6.63	7.52

Five to Fifteen Years

Over Fifteen Years

Undated

**INTERNATIONAL BANK

**CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

AMERICANS—Continued

1977-78 High	Low	Stock	£	+ or –	Div. Gross	Cvr	Y'ld Gr's
34⅝	21⅛	Manf. Han. US$7.50	21⅝xd	–⅛	$1.92	—	5.1
48	27½	Morgan (JP) US$2.5	27½xd	–⅛	$2.36	—	4.1
17¼	12¼	Norton Simon Inc. $1	12¼	–½	76c	—	3.5
25	14	Owens-Ill. $3.125	14	–½	h$1.06	—	4.3
22	14½	Quaker Oats US$5	15⅛xd	......	$1.04	—	3.9
21⅝	14½	Reliance $0.25	15½	–½	15c	—	—
24	16⅜	Rep. N.Y. Corp. $5	16⅞	–⅛	$1.00	—	3.7
16⅝	10⅝	Rexnord $5	10⅝	–⅛	80c	—	4.2
22	14⅜	Richdsn.-Mrrll.$1¼	14⅝xd	–¼	90c	—	3.5
406p	247p	Saul (B. F.) $1	282p	–11	—	—	—
33⅝	19⅞	Shell Oil $1	19⅞	–1⅛	h$1.60	—	4.5
20⅝	12½	Singer ($10)	12½	–¼	60c	—	2.7
36½	22	Sperry Rand $0.50	23⅛xd	+⅛	$1.12	—	2.7
33	19⅞	TRW Inc. $1¼	19⅞	–⅛	$1.60	—	4.5
31⅝	19⅛	Tenneco	19⅛	–⅛	$2.00	—	5.9
151	133	Do. 10% Ln. Stk. 91-95	136	–1	10%	—	17.4
14½	507p	Tesoro Pt. US$0.16⅔	513p	–8	$1.00	—	11.0
24¼	17½	Texaco $6.25	17½	......	$2	—	6.5
31⅛	22¾	Time Inc.	24½	–⅛	$1.30	—	3.0
13⅝	945p	Transamerica $1	945pxd	–16	80c	—	4.8
34	22½	Utd. Tech. $US5	22½	–¼	$1.80	—	4.5
41¼	19⅞	U.S. Steel $1	19⅞xd	–½	$2.20	—	6.2
19¼	938p	Vetco $0.50	14⅞xd	......	20c	—	0.8
22	11¼	Woolworths $3½	11¼	–⅛	$1.40	—	6.7
49½	29½	Xerox Corp. $1	29⅛xd	+⅛	$1.60	—	3.0
13⅝	479p	Xonics Inc. 10c	486p	+1	7½c	—	0.9
12¼	758p	Zapata Corp. 25c	11xd	–¼	s30c	—	1.5

S.E. List Premium 24¼% (based on $US1.9225 per £)

Conversion factor 0.8013 (0.8039)

CANADIANS

S.E. List Premium 24¼% (based on $2.1112 per £)

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY—Cont.

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Cont.

ELECTRICAL AND RADIO

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

[illegible]

INSURANCE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INSURANCE

[illegible]

INV. TRUSTS—Continued

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

MINES—Continued

CENTRAL AFRICAN

1977-78 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
195	70	Falcon Rh.50c	185	+15	Q50c	ϕ	25.2
21	9	Rhod'n Corp. 16½p	21	+1	0.57	4.3	[illegible]
165	52	Roan Cons. K4	52	.....	—	—	—
164	115	Tanganyika 50p	137	+1	Q11.0	1.1	8.0
80	70	Do. Pref. 80p	78		Q9%	16.6	9.2
42	27	Wankie Col. Rh1	41	+2	Q7½c	1.4	15.6
27½	12	Zam.Cpr. SBD0.24	12	...	—	—	—

AUSTRALIAN

1977-78 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
20	10	Acmex 25c	10	...	...	...	—
127	57	Bougainville 50Toea	68	−2	Q10c	1.5	9.4
128	70	BH South 50c	70		—	—	—
325	119	Conzinc Riotinto $A1	166	−1	Q9c	2.3	3.3
65	18	G.M. Kalgoorlie $1	53	..	—	—	—
112	77	Hampton Areas 5p	81		1.45	4.1	2.7
35	10	Metals Ex. 50c	17	+1	—	—	—
242	132	M.I.M. Hldgs. 50c	132	−2	Q9c	1.7	4.2
105	10	Mount Lyell 25c	15	...	—	—	—
2¾	1	Newmetal 10c	2	...	—	—	—
120	82	North B. Hill 50c	82	−2	Q8c	1.5	6.0
12	4½	Nth. Kalgurli	10	+½	—	—	—

[illegible]

TINS

[illegible]

COPPER

[illegible]

MISCELLANEOUS

1977-78 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
9½	9	Burma Mines 17½p	9	.....	—	—	—
115	58	Colby Mines $C1	85	−3	—	—	—
600	250	Cons. Murch. 10c	250xd	.....	Q30c	ϕ	‡
475	260	Northgate C$1	260	−10	—	—	—
247	173	R.T.Z.	185	−1	t8.5	q3.1	7.0
70	28½	Sabina Inds. C$1	40	−3½	—	—	—
£14¼	850	Tara Exptn. $1	850	−12	—	—	—
55	39	Tehidy Minerals 10p	45	.....	1.21	2.5	4.1
160	121	Yukon Cons. C$1	127	−3	Q7c	ϕ	3.3

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¤ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ϕ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♦ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1978. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 26

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange

Albany Inv. 20p	23	.....
Ash Spinning	41	.....
Bertam	19	.....
Bdg'wtr Est. 50p	282	.....
Clover Croft	23	.....
Craig & Rose £1	380	.....
Dyson (R.A.)	35	.....
Ellis & McHdy	65	.....
Evans Fr'k 10p	27	.....
Evered	17	.....
Fife Forge	47	.....
Finlay Pkg. 5p	20½	+1
Graig Ship £1	240	−10
Higsons Brew	142	+4
I.O.M. Stm. £1	142	−1
Holt (Jos.) 25p	237	.....
N'thn. Goldsmith	40	+1
Pearce (C. H.)	112	.....
Peel Mills	17	.....
Sheffield Brick	45	.....
Sheff. Refrshmt	50	.....
Shiloh Spinn	20	.....
Sindall (Wm.)	83	.....

IRISH

Conv 9% '80/82	£99	+½
Alliance Gas	75	.....
Arnott	315	+10
Carroll (P.J.)	110xd	+2
Clondalkin	90	+5
Concrete Prods	120	.....
Heiton (Hldgs.)	50	+2
Ins Corp	160	.....
Irish Ropes	103xc	+2
Jacob	59	+5
Sunbeam	28	.....
T.M.G.	180	.....
Unidare	70	.....

OPTIONS

3-month Call Rates

Industrials		I.C.I.	25	Tube Invest	30
A. Brew	6½	"Imps"	7	Unilever	40
A.P. Cement	16	I.C.L.	20	Utd. Drapery	7½
B.S.R.	11	Inveresk	7	Vickers	15
Babcock	10	KCA	5	Woolworths	6
Barclays Bank	25	Ladbroke	17		
Beecham	38	Legal & Gen	14	**Property**	
Boots Drug	15	Lex Service	6	Brit. Land	3¼
Bowaters	16	Lloyds Bank	22	Cap. Counties	5
B.A.T.	24	"Lofs"	5	E.P.	5
British Oxygen	6	London Brick	5	Intreuropean	5
Brown (J.)	20	Lonrho	7	Land Secs.	18
Burton 'A'	9	Lucas Inds	25	MEPC	12½
Cadburys	5	Lyons (J.)	13	Peachey	10
Courtaulds	10	"Mams"	7	Samuel Props.	10
Debenhams	10	Mrks. & Spncr	13	Town & City	2
Distillers	13	Midland Bank	25		
Dunlop	8½	Nat. West. Bank	22	**Oils**	
Eagle Star	11	Do Warrants	10	Brit. Petroleum	45
E.M.I.	18	P & O Dfd.	12	Burmah Oil	7
Gen. Accident	17	Plessey	9	Charterhall	3½
Gen. Electric	16	R.H.M.	5	Shell	28
Glaxo	40	Rank Org. 'A'	18	Ultramar	22
Grand Met.	9	Reed Intl.	18		
G.U.S. 'A'	18	Reyrolle	20	**Mines**	
Guardian	18	Spillers	4	Charter Cons.	12
G.K.N.	22	Tesco	4	Cons. Gold	20
Hawker Sidd	60	Thorn 'A'	22	Rio T. Zinc	16
House of Fraser	12	Trust Houses	13		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Tuesday January 10 1978

Ulster political talks on point of collapse

BY GILES MERRITT

THE COLLAPSE of talks on a Northern Ireland political settlement seemed inevitable last night as a result of Ulster Unionists' furious reactions to the week-end statement on Irish unity by Mr. Jack Lynch, the Irish Premier.

In Dublin, the furore following Mr. Lynch's comments on Irish Radio that Britain should indicate an interest in Irish unity has grown. The leaders of both Irish opposition parties have been severely critical of Mr. Lynch.

Neither the Irish nor British Governments would make any comment yesterday, but it became clear that his intervention has soured Anglo-Irish relations.

Irish sources have stressed that Mr. Lynch's remarks were largely a re-affirmation of his Fianna Fail Party's policy on Ulster, but the Northern Ireland Office has made it plain in Belfast that his intervention is seen as damaging.

Three of the four Ulster political parties involved since October in talks on administrative devolution as an interim Northern Ireland solution said yesterday that they are pulling out of the negotiations.

Mr. Harry West, leader of the Official Unionist Party, said that involvement in the talks would be suspended until the British Government "clarifies" Mr. Lynch's assertion that he had received assurances of a "power-sharing" objective from Mr. Callaghan.

The Rev. Ian Paisley, leader of the hardline Democratic Unionist Party, echoed Mr. West's stance, and Mr. Gerry Fitt, leader of the mainly-catholic Social Democratic and Labour Party, said: "It would be pointless for us to continue talking to civil servants if the Official Unionists refused to take part."

The strength of Belfast and London reactions to Mr. Lynch's comments has surprised Dublin officials, who have been insisting that his views on the need for Britain to encourage eventual re-unification are well known.

But his decision to set out his Government's aspirations so clearly marked a departure from his comparative silence on Ulster affairs. His remarks are also believed to have surprised the British Government in view of Fianna Fail's diplomatic re-assurances that it was unlikely to pursue its own October, 1975, policy demanding a British declaration of intent to withdraw from Ulster.

The timing of Mr. Lynch's intervention was last night being acknowledged by Irish officials as unfortunate. The Prime Minister's view that an amnesty for Provisional IRA prisoners in the Republic might receive consideration has also provoked concern in Ireland. Mr. Frank Cluskey, leader of the Labour Party, said Mr. Lynch's remarks were "gratuitous and extremely irresponsible," while Dr. Garret Fitzgerald, leader of the Fine Gael Party, said the statement had been made in terms that were "dangerously obscure."

Philip Rawnstorne writes: Mr. Roy Mason, Northern Ireland Secretary, is to make a Commons statement on Thursday in a bid to allay Unionist concern over Mr. Lynch's remarks. He was yesterday studying a transcript of the interview, and is expected to reiterate the main lines of his policy.

It is unlikely that the British Government will make any formal protest to Dublin. Government sources were emphatic, however, in rejecting any idea of an amnesty for convicted terrorists. Mr. Airey Neave, the Tory spokesman on Northern Ireland, said Mr. Lynch's words would be "sweet music in the ears of the IRA."

Editorial Comment, Page 16

Thatcher pledge to unions on pay bargaining

BY RAY PERMAN, SCOTTISH CORRESPONDENT

A FUTURE Conservative administration will not seek confrontation with the trade unions and will restore their proper role by introducing free collective bargaining, Mrs. Margaret Thatcher said yesterday.

Although the Opposition leader would not comment on Sir Geoffrey Howe's controversial speech last Friday on union power, she stressed that the party could work harmoniously with the unions and intended to do so.

"I think trade unions can and will play a very positive role in increasing prosperity. They cannot do it unless they are going to bargain in the interests of their members all the time." Mrs. Thatcher said in Glasgow.

A return to free bargaining meant trusting the unions to behave responsibly, she said. There had been several examples recently where union members showed that they wanted to act responsibly.

Earlier, she told a conference of industrialists that incomes policies had raised the power of trade union leaders.

If they were denied the right to bargain for members, they would seek to be involved in political decisions. That was happening now.

"The counterpart of the withdrawal of Government from interference in prices and profits in the private sector is inevitably the withdrawal of Government from interference in wage bargaining. There can be no selective return to personal responsibility."

Under a Conservative Government the private sector would be left to bargain for itself: it would be the Government's job to hold down the money supply.

Nationalised industries would also have to bargain alone, but on the understanding that there would be no increased subsidies to pay for wage rises.

Only where the Government was a direct employer would it have any influence over the size of settlements. Then it would have to bargain within its budget.

"This is why it is difficult to see where confrontation would come.

"If it did arise, it would not be between the unions and any particular Government, but from a challenge to the whole system of democracy. If the process of democracy and freedom were challenged, I will be fighting to preserve it."

Mrs. Thatcher also attacked the "carefully orchestrated euphoria" following the OECD forecasts for this year. The forecast for Britain was worse than that for the Western industrialised world as a whole.

Ashley Ashwood
Mrs. Thatcher at the Scottish industrialists' conference.

THE LEX COLUMN

A Saudi venture for the NEB

A consortium headed by the National Enterprise Board duly made a 55p a share cash bid yesterday for Allied Investments, the medical services group with book net worth—including goodwill—of a little under 20p a share, and an auditors' report dated last October which carried five qualifications.

Clearly the NEB is keen to develop Britain's export drive in medical equipment after the landing by Allied of a £250m. contract to operate two Saudi Arabian hospitals. The NEB has been in a strong bargaining position, for Allied would scarcely have been in a position to secure the Saudi contract if the U.K. Government had not been holding its hand. But the negotiations have had to take into account the entrenched position of three City institutions — Commercial Union, London Trust and Orion Bank —which together hold some 43 per cent. of the Allied equity, as well as the interests of public shareholders.

The outcome is a two-tier takeover in which public shareholders get a straight offer, but the three institutions are locked into rather smaller holdings of 10 per cent. each in the new master company United Medical Enterprises. Their final commitment will depend upon the level of acceptances by public holders. Nobody is being pressurised to accept this bid; it is conditional only upon acceptances of 51 per cent., of which all but about 3 per cent. has already been committed.

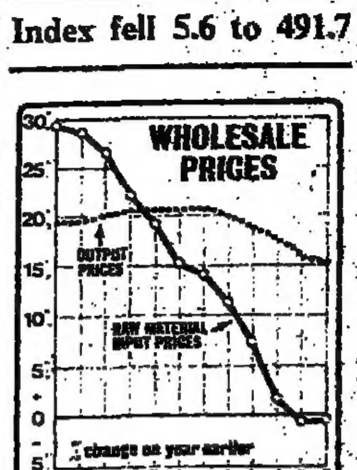
But if shareholders decide to stay in, they will be taking a chance on the outcome of a huge Middle East contract few financial details of which have yet been disclosed. And there is the further possibility that the NEB in future may be more concerned with generating exports than profits.

Most shareholders will find the price attractive. But this raises the question of why the NEB is willing to pay generously for an improbable vehicle like Allied. A business opportunity does appear to exist in the medical field. But the puzzle is that no more likely contender, whether from the private or public sectors, could be found to fill the role.

Price Commission

It was all smiles yesterday at Metal Box and Barclays Bank, which—along with the electricity supply industry—were the first guinea pigs of the new-style Price Commission. In recent weeks, some of the companies under the microscope have been making very hostile noises about the Commission's approach to business, and in particular its plans to monitor industrial efficiency. But its first three reports create few sparks.

Index fell 5.6 to 491.7



Thus the reports go out of their way to make complimentary points about the two private sector companies. And there is no clear guidance about how efficiency can be measured. In the case of Metal Box, the Commission has turned to customers, U.K. competitors and a large U.S. can manufacturer to judge performance and it concludes that in most respects, the group is efficient and enterprising. Wisely, perhaps, it gives little guidance about the yardsticks used in this assessment. The verdict on Barclays is being held over until the full survey of bank charges is completed in March.

The Commission has also steered clear of dogmatic views on what constitutes an acceptable return on capital. It notes the high returns of the aerosols division, but has been satisfied with an assurance that prices here will not go up before September—unless there are big costs increases in the meantime. In the open top can group, the returns (which are not disclosed) "cannot be regarded as excessive."

This discreet approach is extended to most of the reports' financial disclosures. But there are helpful insights on both companies. Shareholders in Metal Box will be interested to learn that the published figures for the half year to September included a "substantial" loss on the production of 2-piece cans. The expected turnround here may have "significant" effects on the overall return on capital of the open top division.

More generally, Metal Box apparently recognises that it has a number of long-term strategic problems. The big can companies have been diversifying heavily, at least in anticipation of technological changes. Metal Box has gone far down this road, at least.

With Barclays, the Commission makes the first attempt to measure the cost to the bank of actually holding cash for customers' use. The interest cost of holding cash for the Post Office, for instance, is £381,000. This is what the proposed new tariff is all about.

New tap

It now seems that the authorities had planned to announce a new long tap on Friday but postponed the decision until yesterday because of the weakness of the market at the end of last week. Nevertheless, the market had been expecting that they would wait at least until next Friday before making a move, so that the stock would fall into the February banking month. Consequently, the sudden appearance of the new partly-paid (£30) tap — £800m. Exchequer 10½ per cent. — caught the market off guard and after being ¾ up in the morning, prices of long-dated stocks ended the day over a quarter point lower.

This time last year the gilt-edged market was left untapped until the end of March and some optimists had been hoping that the Government broker would again lie low for a while since the authorities are so far ahead with their funding. But last year, the authorities wanted long-term rates substantially lower, while this year there is far less scope. As it is, the coupon is a quarter of a point lower than last month's subscribed long-dated tap issue, and with the £65 loan falling in the March banking month the authorities are obviously keen to keep the funding momentum rolling.

Enterprise Board offer values Allied at £8.1m.

BY MARGARET REID

BRITAIN'S State-owned National Enterprise Board will control a company setting up two major hospitals in Saudi Arabia if, as seems certain, an agreed £8.1m. bid launched yesterday for the Allied Investment nursing homes and medical supplies concern goes through.

A new company, United Medical Enterprises, 70 per cent. owned by the NEB, yesterday made the long-expected takeover offer for Allied, which last week received a £250m. contract from the Saudi Arabian Defence Ministry.

Under that contract, Allied is to equip, staff and act as management consultant for the new Riyadh Military Hospital and Al-Kharj Hospital. The bid is aimed at promoting British medical exports generally.

UME, a recently formed company in which the 30 per cent. not held by the NEB is owned equally by Allied's main shareholders, Commercial Union Assurance, Orion Bank and London Trust, has gained the agreement of Allied's directors for a 55p-a-share cash offer.

This compares with 40p before an announcement late on November 18 that bid talks were on. The shares were suspended from quotation on December 14 after it was confirmed that the NEB and the three main shareholders planned a bid. After listing was resumed yesterday, the shares closed at 53p.

Allied, where Sir Richard Marsh, former chairman of British Rail, recently became chairman, owns the Champneys health farm among its interests in Britain and runs hospitals at Sharjah and Abu Dhabi in the Gulf.

It has been known for some time to be short of capital and has received a £500,000 loan (to be repaid after the bid) from Orion Bank in connection with problems over collecting £1m. of debts due from the Middle East.

A link was formed last year with the NEB, which bought a 55 per cent. stake in Allied's United Medical International exporting company.

Allied has been developed over the last six years by Dr. Michael Sinclair, now in his mid-thirties.

The bid is, of course, being accepted by the three main institutional holders and by the directors: these parties together hold more than half the Allied shares.

Dr. Sinclair will receive some £400,000 for his shares and share options. He is to be an executive vice-chairman of the new NEB-controlled UME, the vehicle for making the bid to secure control of Allied.

A NEB spokesman said the board was leading the bid move "because we want to support exports of medical supplies and believe this is a business opportunity where the U.K. has something to offer the world."

Asked why, when the Government owns the National Heath Service, the State-owned NEB did not create a medical supplies export business itself, he replied: "Our view was that we save three years by doing it this way."

Dr. Fred Wrigley, a former deputy chairman of Wellcome Foundation, is to chair UME, of which Sir Richard Marsh will become a vice chairman when the bid is unconditional.

Men and Matters, Page 16

Productivity deals bringing 20% rises

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A LARGE PROPORTION of workers settling pay deals during the past five months have accepted basic rises in line with the Government's overall 10 per cent. limits. But some 80,000 workers also have won productivity deals which could bring their total rises close to 20 per cent.

This emerges from the latest statistics issued by the CBI's pay data bank. It confirms that 10 per cent. is becoming established as the going rate for basic pay rises although some deals are being struck at between 11 and 15 per cent.

Although this indicates that there is no immediate risk of the policy being broken across a wide front, it also shows that the Government has no hope of limiting overall increases in earnings to 10 per cent. To have achieved that target, basic rises would have to have been kept down to 5 or 6 per cent.

The likely impact of productivity deals on overall earnings figures is not yet clear because relatively few deals have been made and while these sometimes double the 10 per cent. basic limit, many are said to be self-financing and so should have only a limited impact on industrial costs.

So far, in its 23 weeks of operation, the CBI data bank has been notified of nearly 800 settlements covering 3.25m. people. These include 640 covering 2.6m. workers settling under Phase Three of the pay policy of which 86 per cent. have accepted deals at or below the 10 per cent. mark.

The remaining 14 per cent. have basic deals in the 11 to 15 per cent. pay range.

However, in about 90 of the deals, covering some 80,000 workers, Phase Three increases have been topped up with productivity arrangements giving further rises of up to 10 per cent.

New head named for accounting committee

BY MICHAEL LAFFERTY

A SENIOR partner in Price Waterhouse, the U.K. and international accountants, is to take over at the end of March as chairman of the Accounting Standards Committee, the private rule-making body on accounting matters.

Mr. Tom Watts will succeed Sir William Slimmings, senior partner of Thomson McLintock, London, who is retiring three months before his two-year period of appointment expires. This will coincide with his retirement from Thomson McLintock, the accountants.

One of Mr. Watts's first duties will be to conduct a wide-ranging inquiry into the workings of the standards committee, which is in its eighth year. He will be assisted by a committee consisting of Mr. David Hobson, senior partner of Coopers and Lybrand, Mr. Stanley Wilkins, senior audit partner of Deloitte Haskins and Sells, and Sir William. The review should be completed by the end of March before Sir William's departure.

The decision to conduct a major review of the accounting standard-setting process comes at a time when there are increasing demands for interests other than accounts to be involved in the rule-making process.

Bodies which recently have called for changes along these lines include the Law Society and a group of finance directors from eight Scottish companies.

Mr. Watts's appointment was disclosed at yesterday's meeting of the principal U.K. accounting bodies, but a public announcement is not planned until Thursday.

Terry Kirk
Mr. Tom Watts

Row flares over delivery of Leyland cars by rail

BY PAULINE CLARK, LABOUR STAFF

A TRAIN loaded with about 100 British Leyland cars was last night caught on its journey from Cowley to Didcot, Oxfordshire, in a renewed row over whether the cargo should be transported by road or rail.

With local leaders of the Transport and General Workers Union insisting that the train would be blacked and distributors said to be confident that unloading would go ahead, the train's arrival could spark off a major flare-up in a long standing dispute between the lorry drivers union and the National Union of Railwaymen.

Mr. David Buckle, Oxford district secretary for the TGWU, said last night that a one-off agreement by a shop steward to allow a consignment of cars to travel by rail to the Didcot depot over Christmas was being "abused."

Recent statements by Mr. Norman Davis, managing director of Milton Traders Estate, the owners of the freight centre, that more cars would be sent by rail had "enflamed" the situation.

Mr. Sid Weighell, general secretary of the NUR, pointed out that this was the second report of problems at Didcot.

A train with 100 cars had its path blocked by a van before the week-end. He was seeking more facts from his divisional officers and would be asking for a meeting with Mr. Jack Jones, TGWU general secretary, if their reports justified it.

Weather

U.K. TO-DAY

COLD and showery, snow in W. and N. Further rain reaching S.W.

London, S.E., E. Anglia, Midlands, Cent. S. England
Sunny periods, showers, cold. Max. 5-6C (41-43F).

Channel Isles, S.W. England
Sunny intervals and showers, cold, further rain later. Max. 7C (45F).

Wales, N.W. England, Lakes, Isle of Man, Cent. England
Sunny intervals, showers, snow on hills. Max. 4-6C (39-43F).

N.E. England, Borders, Edinburgh and Dundee, Aberdeen
Sunny periods, scattered rain and snow showers. Max. 3-4C (37-39F).

Rest of Scotland, N. Ireland
Sunny intervals, rain and snow showers, heavy at times. Max. 2-4C (36-39F).

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Amsterdam	R	4	39	Luxembourg	C	0	32
Athens	Sn	1	34	Madrid	F	8	46
Bahrain	S	21	70	Manchester	C	7	45
Barcelona	C	8	46	Melbourne	C	20	68
Beirut	F	15	59	Mexico C	C	20	68
Belfast	S	4	39	Milan	F	1	37
Belgrade	S	0	32	Montreal	Su	−6	21
Berlin	Dr	0	32	Moscow	C	0	32
Birmingham	C	7	45	Munich	C	−1	30
Bristol	C	8	46	Newcastle	F	6	43
Brussels	R	4	39	New York	R	4	39
Budapest	C	−6	21	Oslo	C	2	36
B. Aires	S	27	81	Paris	C	6	43
Cairo	C	14	57	Perth	C	34	93
Cardiff	C	8	46	Prague	C	0	32
Chicago	S	−17	1	Reykjavik	Sn	−3	27
Cologne	C	4	39	Rio de J'o	S	33	91
Copenhagen	C	1	34	Rome	F	10	50
Dublin	S	5	41	Singapore	C	29	84
Edinburgh	F	4	39	Stockholm	C	4	39
Frankfurt	C	3	37	Sydney	C	24	75
Geneva	C	−1	30	Tehran	R	9	48
Glasgow	F	3	37	Tel Aviv	R	12	54
Helsinki	C	−2	28	Tokyo	S	14	57
H. Kong	S	21	70	Toronto	C	−13	9
Jo'burg	S	21	74	Vienna	C	−4	25
Lisbon	C	11	52	Warsaw	C	−1	30
London	C	9	48	Zurich	C	−5	23

HOLIDAY RESORTS

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Ajaccio	C	10	50	Jersey	C	10	50
Algiers	F	19	66	Las Plms.	C	20	68
Biarritz	F	11	52	Locarno	F	2	36
Blackpool	R	7	45	Majorca	F	14	57
Bordeaux	C	5	41	Malaga	C	14	57
Boulogne	C	8	46	Malta	S	13	55
Cape Town	S	24	75	Nairobi	S	24	75
Corfu	S	9	48	Naples	C	8	46
Dubrovnik	F	10	50	Nice	F	8	46
Faro	S	16	61	Oporto	C	11	52
Florence	C	2	36	Rhodes	C	10	50
Funchal	R	17	63	Salzburg	C	−1	30
Gibraltar	C	15	59	Tangier	F	15	59
Guernsey	C	10	50	Tenerife	C	14	57
Innsbruck	S	−2	28	Tunis	S	14	57
Inverness	C	2	36	Valencia	C	12	54
Isle of Man	C	6	43	Venice	S	5	41

S—Sunny. F—Fair. C—Cloudy. R—Rain. Fg—Fog. Dr—Drizzle. Sn—Snow.

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Metal Box

go ahead and negotiate jointly new tariffs for the three industries involved: the Post Office, the British Gas Corporation and the Electricity Council.

Details of these joint negotiating arrangements have been submitted to the Office of Fair Trading by the commission which has a statutory duty to inform its fellow competition body. If it thinks it may have uncovered anything which might fall within the scope of the Restrictive Trade Practices Act.

The commission is carrying out a sectoral examination into the whole question of the money transmissions made by the clearing banks, and it has put off for consideration in this wider context two important issues raised by the investigation into Barclays.

These are the proposals for a new charge for holding cash and the question of whether account should be taken of interest earned on overdraft business in assessing charges made to customers for money transmission services.

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Boost for hopes

panies were expecting to raise prices in the next four months than at any time since April 1972, it is possible that there could be a slightly larger rise in output prices in January than recently. This is because in the last few years there has tended to a bunching of some annual price rises in early January.

The reverse is likely to apply to raw material costs. The index of materials and fuel purchased by manufacturing industry fell by about ½ per cent. last month to 328.9 (1970=100) and is the same percentage lower than in December 1976.

However, only a relatively small part of the rise in sterling in the last fortnight of December was reflected in the index. The average level of the trade-weighted index last month was 63.8, only 0.3 per cent. higher than in November, whereas the current level is 65.8, a further rise of 3.1 per cent.

The price index for materials bought by manufacturing industry outside the food, drink and tobacco sector, fell by ¾ per cent. last month, mainly as a result of lower crude oil prices caused by the rise in sterling. This index has dropped in the past three months by 3¾ per cent.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London EC4P 4BY.

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